

1
2
3
4
5
6
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STATE OF CALIFORNIA
HORSE RACING BOARD

In the Matter of)
)
REGULAR MEETING)
)
_____)

DEL MAR RACE TRACK

2260 JIMMY DURANTE BOULEVARD

DEL MAR, CALIFORNIA

THURSDAY, JULY 20, 2017

9:39 A.M.

REPORTED BY:

ANN BONNETTE, CSR NO. 6108

1 APPEARANCES

2 COMMISSIONERS

3 Chuck Winner, Chairman

4 George Krikorian, First Vice Chairman

5 Madeline Auerbach, Second Vice Chairman

6 Jesse H. Choper, Commissioner

7 Araceli Ruano, Member

8 Alex Solis, Member

9

10 STAFF

11 Rick Baedeker, Executive Director

12 John R. McDonough, General Counsel

13 Jacqueline Wagner, Assistant Executive Director

14 Phil Laird, Staff Counsel

15 Rick Arthur, Equine Medical Director

16 Mike Marten, Associate Analyst, Policy Regulations

17

18

19 ALSO PRESENT

20 Joe Morris, Stronach Group

21 Cal Rainey, Golden Gate Fields

22 Scott Daruty, Golden Gate Fields

23

24

25

1	APPEARANCES
2	ALSO PRESENT
3	Joanne Nor
4	Santiago Gonzalez de Cosio, MIR International
5	J. Russell Lemon
6	Zen L. Honeycutt, Moms Across America
7	Kim Lloyd, Barretts
8	Darrell Haire, Jockey's Guild
9	Dominic Lazzaretto, City of Arcadia
10	Thomas Beck, City of Arcadia
11	Greg Avioli, TOC
12	John Valenzuela, PMEG Local 280
13	Alan Balch, CTT
14	Joe Morris, Santa Anita
15	Larry Swartzlander, CARF
16	John Rubenstein, Del Mar
17	John Ford, Lien Games Racing
18	Arturo Alemany, MIR International
19	Tom Beck, City of Arcadia
20	Sherwood Chillingworth, Oak Tree Racing Association
21	Angel Moore, Alameda County Fair
22	Lauri King, The Big Fresno Fair
23	Mike Marten, CHRB
24	Rick Hammerle, Santa Anita
25	Bryan Wayte, Northern California Off-Track Wagering

1	INDEX	
2		PAGE
3	ACTION ITEMS:	
4		
5	1. Approval of the minutes of June 22, 2017.	10
6		
7	2. Executive Director's Report.	13
8		
9	3. Public Comment: Communications, reports,	24
10	requests for future actions of the Board.	
11	Note: Persons addressing the Board under	
12	this items will be restricted to three (3)	
13	minutes for their presentations.	
14		
15	4. Discussion by the Board regarding the City	55
16	of Arcadia's request to discuss on-track	
17	Advance Deposit Wagering (ADW) and the	
18	distributions currently made to cities and	
19	counties, pursuant to Business and	
20	Professions Code sections 19610.3 and 19610.4.	
21		
22	5. Discussion and action by the Board for	
23	on the Application for License to Conduct	
24	a Horse Racing Meeting of the Los Angeles	
25	County Fair (F), at Los Alamitos,	

1	INDEX	
2		PAGE
3	ACTION ITEMS:	
4		
5	commencing September 6, 2017 through	
6	September 26, 2017, inclusive.	
7		
8	6. Discussion and action by the Board on the	68
9	Application for License to Conduct a	
10	Horse Racing Meeting of the California	
11	Authority of Racing Fairs (CARF) (F), at	
12	Pleasanton, (Race meeting to be called	
13	"Oak Tree at Pleasanton") commencing	
14	September 20, 2017 through October 3,	
15	2017, inclusive.	
16		
17	7. Discussion and action by the Board on the	
18	Application for License to Conduct a	
19	Horse Racing Meeting of the Los Angeles	
20	Turf Club II (T), at Santa Anita,	
21	commencing September 27, 2017 through	
22	October 31, 2017, inclusive.	
23		
24		
25		

1	INDEX	
2		PAGE
3	ACTION ITEMS:	
4		
5	8. Discussion and action by the Board on the	78
6	Application for License to Conduct a	
7	Horse Racing Meeting of the Big Fresno	
8	Fair (F), at Fresno, commencing October 4,	
9	2017 through October 17, 2017, inclusive.	
10		
11	9. Discussion and action by the Board on the	82
12	Application for Approval to Conduct	
13	Advance Deposit Wagering (ADW) of Lien	
14	Games Racing, LLC, dba OffTrackBetting.com	
15	for an out-of-state multi-jurisdictional	
16	wagering hub, for a period of up to two	
17	years.	
18		
19	10. Discussion and action by the Board	88
20	regarding the proposed amendment to	
21	CHRB Rule 1633, Entry of Claimed Horse,	
22	to provide that a horse claimed out of	
23	a claiming race is not eligible to race	
24	in any state other than California	
25	until 60 days after the close of the	

1	INDEX	
2		PAGE
3	ACTION ITEMS:	
4		
5	meeting from where it was claimed except	
6	in a stakes race.	
7		
8	11. Discussion and action by the Board	101
9	regarding the proposed amendment to CHRB	
10	Rule 1865, Altering of Sex of Horse, to	
11	provide that a horse be scratched if the	
12	true sex of the horse is not reported to	
13	the racing office prior to the opening	
14	of wagering for the race in which the	
15	horse is entered.	
16		
17	12. Discussion and action by the Board	117
18	regarding a presentation from Northern	
19	California Off Track Wagering Inc.	
20	(NCOTWINC) describing the responsibilities	
21	of the organization and the status of	
22	development of mini-satellite wagering	
23	facilities in Northern California.	
24		
25		

1	INDEX	
2		PAGE
3	ACTION ITEMS:	
4		
5	13. Closed Session: For the purpose of	
6	receiving advice from counsel, considering	
7	pending litigation, reaching decisions	
8	on administrative licensing and	
9	disciplinary hearings, and personnel matters,	
10	as authorized by section 11126 of the	
11	Government Code.	
12		
13	A. The Board may convene a Closed	
14	Session to confer with and receive	
15	advice from its legal counsel	
16	regarding the pending litigation	
17	described in the attachment to	
18	this agenda captioned "Pending	
19	Litigation," and as authorized	
20	by Government Code section 11126(e).	
21		
22	B. The Board may convene a Closed	
23	Session to confer with and receive	
24	advice from its legal counsel	
25	regarding the pending administrative	

1	INDEX	
2		PAGE
3	ACTION ITEMS:	
4		
5	licensing or disciplinary matters	
6	described in the attachment to this	
7	agenda captioned "Pending	
8	Administrative Adjudications," as	
9	authorized by Government Code section	
10	11126(e).	
11		
12	C. The Board may convene a Closed	
13	Session for the purpose of	
14	considering personnel matters as	
15	authorized by Government Code	
16	section 11126(a).	
17		
18		
19		
20		
21		
22		
23		
24		
25		

1
2
3
4
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8
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P R O C E E D I N G S

9:39 A.M.

DEL MAR, CALIFORNIA; THURSDAY, JULY 20, 2017

CHAIR WINNER: Good morning, ladies and gentlemen. This meeting of the California Horse Racing Board will come to order. Please take your seats, everybody.

This is the regular noticed meeting of the California Horse Racing Board on Thursday, July 20, 2017, at Del Mar Racetrack, 2216 Jimmy Durante Boulevard, Del Mar, California.

Present at today's meeting are: myself, Chuck Winner, Chairman; George Krikorian, First Vice Chair; Madeline Auerbach, Second Vice Chair; Jesse Choper, Commissioner; Araceli Ruano, Commissioner; Alex Solis, Commissioner.

Did I miss someone? No.

Before we go to the business of the meeting, I need to make a few comments.

The Board invites public comment on the matters appearing on the meeting agenda. The Board also invites comments from those present today on matters not appearing on the agenda during the public comment period if the matter concerns horseracing in California.

In order to ensure all individuals have an

1 opportunity to speak and the meeting proceeds in a timely
 2 fashion, I will strictly enforce the three-minute time
 3 limit rule for each speaker. The three-minute time limit
 4 rule will be enforced during discussion of all matters as
 5 stated on the agenda, as well as during the public comment
 6 period.

7 There is a public comment sign-in sheet for each
 8 agenda matter on which the Board invites comments. Also,
 9 there's a sign-in sheet for those wishing to speak during
 10 the public comment period for matters not on the Board's
 11 agenda if it concerns horseracing in California.

12 Please print your name legibly on the public
 13 comment sheet -- sign-in sheet. When a matter is open for
 14 public comment, your name will be called. Please come to
 15 the podium, introduce yourself by stating your name and
 16 organization clearly. This is necessary for the court
 17 reporter to have a clear record of all who speak.

18 When your three minutes are up, I will ask you
 19 to return to your seat so others can be heard.

20 When all the names have been called, I will ask
 21 if there's anyone else who would like to speak on the
 22 matter before the Board.

23 Also, the Board may ask questions of individuals
 24 who speak on any item.

25 If a speaker repeats himself or herself, I will

1 ask if the speaker has any new comments to make. If there
2 are none, the speaker will be asked to let others make
3 comments to the Board.

4 All right. Let me just announce that because we
5 did not get the materials on time, items 5 and 7 will be
6 moved to the August meeting.

7 Let's move to approval of the minutes from the
8 last June 22nd meeting.

9 Is there any comment -- are there any comments
10 with respect to the minutes from the June 22nd meeting?
11 Any comments? Additions?

12 Is there a motion to approve?

13 Commissioner Araceli moves to approve.

14 Is there a second?

15 Commissioner Solis seconds.

16 How do you vote, Commissioner Solis?

17 COMMISSIONER SOLIS: Yes.

18 CHAIR WINNER: Commissioner Auerbach?

19 SECOND VICE CHAIR AUERBACH: Yes.

20 CHAIR WINNER: I'm going to abstain since I
21 wasn't at the meeting.

22 Commissioner Krikorian?

23 FIRST VICE CHAIR KRIKORIAN: Yes.

24 CHAIR WINNER: Commissioner Solis?

25 COMMISSIONER SOLIS: Yes.

1 CHAIR WINNER: Commissioner Araceli.

2 The matter of the motion carries.

3 The Executive Director's Report.

4 Mr. Baedeker.

5 EXECUTIVE DIRECTOR BAEDEKER: Thank you,

6 Mr. Chairman.

7 The CHRB, over the last year, has been working
8 with Producer Scott Everly to produce some short videos
9 that will appear on the CHRB web page and are currently
10 available on YouTube. And they're designed just to be
11 short, sweet, simple, and just to show any interested
12 parties that there are many things involved in the
13 regulation of horseracing in California. We've got five
14 of them completed at this point.

15 One of them shows the drug-testing process of
16 the Maddy Lab. And they're all titled -- the title -- the
17 umbrella title is "Rules of the Game."

18 Another one about the work that's done by the
19 official veterinarians and track veterinarians throughout
20 the day. We have a special piece on the riding crop that
21 shows the specifications of the crop, that it's shorter,
22 that's it's softer, that it's much kinder on the horses,
23 and it shows that the popper is actually made out of
24 memory foam. Also talks about the riding crop rule here
25 in California and how important this rule is for the

1 safety of not only horses but riders.

2 We also have a segment on weights, on weighing
3 in and out, about the pads that go on the saddles, things
4 like that, and finally, about track safety and the process
5 of caring for a racetrack.

6 I would guess that just about everybody in this
7 room is familiar with most of the content of these videos.
8 So it's designed for people that would watch them and
9 hopefully invoke the response "I didn't know that. That's
10 good to know."

11 We've got a couple more in the works. One is
12 about the stewards. Another is about day in the life of a
13 racehorse. We've been working with Trainer Richard
14 Mandella following a horse from first thing in the morning
15 through the race-day process and then back to the barn.
16 And we want to show the exceptional care that our
17 racehorses receive.

18 So if you want to see them, you can go to
19 YouTube and just search "California Horse Racing Board."

20 There's some older ones there that kind of get
21 mixed in with the search engine.

22 We're about to debut a new web page for the
23 Horse Racing Board, and they'll be on the web page, which
24 will make it perhaps a little bit more easy to access.

25 Let's see here.

1 I want to remind everybody we have a Race Dates
2 Committee meeting tomorrow at 12:30 in this room.

3 Also, we have been working closely with Del Mar,
4 the CTT, and the owners to implement some additional
5 safeguards beginning with this meet, and hopefully, we'll
6 be continuing on a regular basis. I'll just give you the
7 highlights of them.

8 Dr. Arthur has been working with InCompass to
9 develop a program that will flag certain horses that we
10 think merit additional scrutiny. Maybe multiple
11 examinations before those horses run, such as any
12 four-year-old that has never raced, horses that have ever
13 been placed on the vets' list for injury or lameness, ever
14 been placed on the steward's list for poor performance, or
15 had not started for 120 days or more.

16 And then this gives the official veterinarians
17 working with the track veterinarians the ability to go out
18 and examine these horses prior to race day. And it could
19 be in an extraordinary situation that the official
20 veterinarian could require that a scan or imaging be done.

21 In addition to that, we are also going to --
22 we've got, I think, four official veterinarians, state
23 veterinarians, working this meet. We're going to stagger
24 the work assignments so that we'll have official
25 veterinarians and safety stewards here on random dark

1 days, which hasn't been the case in the past.

2 You may know that Del Mar reduced the stall
3 allocation from 2,050 a year ago to 1,850 this year, which
4 reduces the traffic on the racetrack, and they've also
5 continued the practice, which they implemented towards the
6 end of last season, where only for the first 10 minutes,
7 in the morning and then after the breaks, first 10 minutes
8 only horses conducting timed workouts are permitted on the
9 racetrack.

10 And then you probably have read that Del Mar
11 invested a lot of money in renovating the racetrack during
12 the off-season. Dennis Moore was hired to come down in
13 cooperation with Santa Anita, where he's also, of course,
14 you know, the track superintendent, but he was able to
15 come down, work on this track and change the banking
16 and -- significantly. It starts earlier, ends later, kind
17 of the same points that the track at Santa Anita does.
18 The banking was increased to 4 percent, went down to the
19 base, started from scratch, brought it up, and there were
20 spots in the base that needed to be corrected all the way
21 around.

22 And they also did an interesting thing. They --
23 working with Mick Peterson, Dr. Mick Peterson, he has data
24 that shows that previous years it's taken about three or
25 four days of racing to get to the track to a point where

1 it's consistent for racing thereafter, just because of the
2 renovation process following the fair and so forth.

3 So what they started this year is they began
4 replicating the race date maintenance program three days
5 in advance of any horse being on the racetrack. So -- I
6 think I have that right. Or maybe it was -- maybe it was
7 once three days in advance of opening day. That's
8 probably what it was. So every half hour, the heralds
9 would come out, followed by the water trucks, just as
10 though it was a race day, or vice versa.

11 So, in any event, you may have noticed yesterday
12 if you watched the races, the horses sure seemed to take
13 to it nicely. The turf course is in very good condition,
14 as you would expect, got nice, dense growth, which is the
15 Bermuda grass, should afford you -- they hoped that they'd
16 have a little more hot weather but they certainly got
17 muggy weather. I don't know if that helps the turf or
18 not.

19 So we actually have prepared a handout that we
20 used a couple of days ago. We met with the San Diego
21 Chapter of the SPCA, a very constructive meeting, and it
22 was at their request that we had the opportunity to share
23 a lot of the safeguards, not only these, but the others
24 that are in place, and so we created a little handout. If
25 you'd like a copy, Mike Marten has a few over here.

1 The financials for the month -- give me a
2 minute.

3 For the month of June, we had the same number of
4 days during daytime racing and one additional day during
5 nighttime racing. And for the month, we had a
6 0.53 percent increase in daytime handle, logically with
7 the additional day, a 19.45 percent increase in night
8 handle, and overall for the month, an increase of
9 2.41 percent. Everything in for the year, the numbers
10 are, for daytime racing, down 3.7 percent, nighttime
11 racing up half a percent, and altogether, a decline of
12 3.29 percent.

13 So the -- I don't know if any commissioners want
14 to comment on the work that's been done from last season
15 to this season, meeting with all of the stakeholders,
16 continually having the conversation about the things that
17 I talked about, and some of -- there are additional things
18 that I didn't include here.

19 And if there's an upside to experience that we
20 all had last summer, it is that we've come up -- the Board
21 has come up -- working with the racing office, has come up
22 with provisions that we think are going to better
23 safeguard horse and rider, and these are things that we're
24 going to continue going forward. So it was a good
25 experience, everybody contributing, understanding the

1 importance of it.

2 COMMISSIONER SOLIS: I'd like to -- I came down
3 two times and I would judge all this stuff for Del Mar.
4 And at the same time I came down, I had few conversation
5 with the riders, and I think they are all very happy with
6 what have done with the track. And I had some really
7 positive feedback from all of them. And like I say, I
8 went down to check out the track, and I wish I was riding
9 this year because it looks very good.

10 Thank you.

11 CHAIR WINNER: Thank, you Alex.

12 Go ahead.

13 SECOND VICE CHAIR AUERBACH: I was just going to
14 say track safety and medication is obviously near and dear
15 to all of us, and this past year has not been easy. It
16 has been very difficult for all of us in terms of trying
17 to guarantee not only the product that we put out but the
18 safety of all of our participants, equine and human.

19 And it has been a lot of hard work, but it has
20 been kind of a labor of love because I have witnessed
21 everybody taking this very seriously and doing what we
22 need to do, taking a lot of slings and arrows, getting
23 accustomed to everybody yelling at us from every -- "You
24 can't do this" and "You can't change that" and "How dare
25 you," and blah, blah, blah, blah, blah, and kind of

1 turning a deaf ear to it only in regards to if what we
2 weren't doing before -- if what we were doing before was
3 not working, then we needed to change it.

4 And I think we have accomplished it without
5 interfering too much with the spirit and the integrity of
6 the way horseracing is run, and I for one am very proud to
7 be a part of that effort.

8 And I especially want to commend Del Mar because
9 they are always obviously going to be the focal point of
10 the storm and this year is particularly important because
11 of the international stage that will be here in November
12 with the Breeders' Cup.

13 So I'm very grateful. I think the rest of us
14 are, too, that everyone has been so judicious and done a
15 great job. And we will continue. I'm not saying we're
16 going to all sit here and pat ourselves on the back.
17 We're going to continue to try to work on it, to make it
18 as, you know, humanly safe and enjoyable as possible, and
19 pray that the racing gods go with us on this because we
20 can all use it.

21 And thank you, everybody.

22 CHAIR WINNER: Thank you, Commissioner Auerbach.

23 Just on a few points, let me just add, first of
24 all, everyone on this board, and I think all of the staff,
25 clearly agree with the points made by Commissioner Solis

1 and Vice Chair Auerbach.

2 Rick Baedeker, Dr. Arthur, and I had the
3 opportunity to sit down with Dennis Moore and Dr. Peterson
4 and to spend some time on the track and with the Del Mar
5 management folks. And, again, I commend them, and I think
6 they've done a wonderful job. And it was very educational
7 and informative for us to learn some of the things that
8 have been done, some of those things Rick mentioned. And
9 I just want to thank them for the effort that they've put
10 in on behalf of the Board, for the effort that they've put
11 in to doing everything that they can to make these tracks
12 here at Del Mar as safe as humanly possible. And they
13 really have -- they've put a lot of money into it, and a
14 lot of time and effort and work into it, and it's very
15 appreciative.

16 I also want to take a moment to mention that as
17 Executive Director Baedeker said, that the meeting with
18 the San Diego Humane Society, that he and I and Dr. Arthur
19 had was -- was really very, very helpful, instructive, and
20 collegial. And I think they were very appreciative. I
21 know we were very appreciative. And it really is a
22 very -- we're very hopeful and optimistic about continuing
23 a really good relationship with them, and we will do
24 everything we can to make sure that we're continuing to do
25 what needs to be done to make racing as safe and healthy

1 for the horses and everyone surrounding racing.

2 But I want to thank the San Diego Humane Society
3 for suggesting the meeting, but also the -- participating
4 in the meeting, and there were a number of them there, and
5 it was really, as I say, a very instructive meeting.

6 The last point I'd make is the videos that
7 Executive Director Baedeker mentioned, if you haven't had
8 a chance and you have any interest, it really is worth
9 watching. They've done a terrific job.

10 And also, I would like to thank all the people
11 involved with that program because they have really done a
12 great job. And those people who not only are producing
13 them but those who have appeared in them, I think they're
14 impressive and I think they do -- they accomplish, at
15 relatively very low cost, what needs to be accomplished.

16 And, again, what we're trying to do is to inform
17 folks, especially those who are not as informed as most of
18 the people in this room, about how much we do care about
19 the animals and the safety of the animals and the safety
20 of the riders, morning and afternoon and evening, and how
21 much everybody who's involved in racing cares about the
22 horses.

23 All right. Let us move on, unless there are any
24 other comments.

25 Please go ahead.

1 EXECUTIVE DIRECTOR BAEDEKER: I just had one
2 more thing. I wanted to make note of the handle yesterday
3 for the -- in case the commissioners aren't aware of
4 numbers that affected it.

5 First of all, all of the numbers won't be in
6 until a little later today when CHRIMS finishes the
7 reconciliation.

8 But a big difference between opening day this
9 year versus opening day last year. Last year was on a
10 Friday when the simulcast market was at full strength.
11 This year obviously opening day was on a Wednesday.

12 There was no Belmont, there was no Gulfstream
13 Park, there was no Monmount, there was no Laurel, none of
14 these places were taking the Del Mar signal because they
15 were closed. So obviously, without that market, the
16 numbers are down.

17 However, I'm told on-track per capita was up
18 nicely, which is a good sign, so maybe the decline in
19 attendance did not include the regular players, who
20 certainly showed and played with enthusiasm.

21 And that's my report, Mr. Chairman.

22 CHAIR WINNER: Thank you very much.

23 I want to go on to public comment period. And
24 we'll start with Joanne Nor.

25 Good morning, Joanne.

1 MS. NOR: Good morning. Thank you.

2 I am here because on July the 7th, the
3 California Environmental Protection Agency listed
4 Glyphosate -- the tradename is Roundup, for those of you
5 who don't know -- on the Prop 65 carcinogen list. It's
6 the first time it's been listed.

7 And I provide you with -- with -- with the
8 studies that have been done all over the world, about
9 2,000 studies on the herbicide Glyphosate. It should be
10 there in your documents.

11 I have brought a proposal document for you. We
12 are proposing getting blood, urine and/or tissue samples
13 from horses such as beaten favorites, breakdowns,
14 fatalities, to examine more closely -- sorry. I'll put my
15 glasses on -- parts per million of Glyphosate in the
16 bodies of such horses.

17 We would appreciate your making it possible for
18 perhaps Dr. Stanley at UC Davis to provide us with
19 preliminary limited data for 30 to 45 days to screen for
20 Glyphosate, and the option to pursue further.

21 The thoroughbred racing average numbers of
22 career starts is at an all-time low level as opposed to
23 the racing years before Glyphosate was introduced into our
24 food chain. And we hope to connect and show the link
25 between the toxicity level caused by Glyphosate and the

1 connective connection to liver disease, which makes for
2 poor performance and inability of a horse to compete in
3 previous good form because of the overall proven effects
4 of the Glyphosate.

5 We hope your materials provide -- the materials
6 I've provided you may answer many questions. Please take
7 advantage of these tools to realize how Glyphosate is
8 undermining our sport of racing, our horse health, and our
9 breeds.

10 Any questions, let me know.

11 And this is really a track safety issue because
12 last year and the year before, I gave you the Seralini
13 study, which was done in Europe, regarding heart attacks
14 and how Glyphosate can be fatal.

15 So thank you for your time. And I have two
16 other people with me that have a few words just to fill
17 you in.

18 CHAIR WINNER: Thank you, Joanne.

19 Any questions for Joanne?

20 Thank you.

21 Santiago Gonzalez de Cosio.

22 I hope I said that right.

23 MR. DE COSIO: Good morning. Santiago Gonzalez
24 de Cosio, MIR International.

25 I'm here on behalf of Timothy McNally. He's the

1 chairman of the Compliance Committee for Caliente. He has
2 been doing so for 10 years. He's in Hong Kong; so,
3 unfortunately, he can't be here today.

4 But I bring -- I'm speaking before the Board on
5 this public comment to bring up an issue regarding the
6 simulcast approval from the California Horse Racing Board.

7 On the sites that are approved for commingle
8 coming from Mexico, and there's one site listed, at least
9 that is Turf del Norte with -- from Mexico. And we have
10 found out that this group has at least 12 locations where
11 they provide services. And we have confirmed that there
12 is common pooling coming from this sites in Mexico
13 represented by them and wagering on California tracks,
14 which are -- they deal directly with Monarch for that.

15 Friends and colleagues, Caliente has been doing
16 business with the California associations for the last
17 25 years. They've paid fees for over 30-plus million
18 dollars on those. And they have been very peculiar on the
19 compliance to do the right thing.

20 So their legal team approached the gaming
21 authority in Mexico to confirm that they are doing the
22 correct way or right way and legal way to do business in
23 the U.S. And they have gotten a response from them.

24 Every commissioner in front of you has a folder,
25 which has a biography on Mr. McNally. It also has an

1 example of one of the approvals that the Board has made.
 2 And it has the copy of the response Caliente got from the
 3 gaming authority in Mexico with regards to the specific
 4 questions on commingling with entities located outside of
 5 Mexico.

6 And it has -- I think it's very clear.
 7 Nevertheless, since this is an issue that has just
 8 recently been confirmed by our group, I am here on behalf
 9 of Mr. McNally to ask the Board so he can get involved
 10 with the California Horse Racing Board in order to pursue,
 11 to find out exactly what are the legal and compliant terms
 12 to do business from Mexico into the United States,
 13 specifically with California. And we want that clarified
 14 because we have an ongoing business with Monarch, who
 15 represents Caliente, and we want for the compliance
 16 regions to have everything being clarified out.

17 Thank you.

18 CHAIR WINNER: Thank you very much.

19 Any questions?

20 SECOND VICE CHAIR AUERBACH: I have a question.

21 MR. DE COSIO: Sure.

22 SECOND VICE CHAIR AUERBACH: I'm sorry. I'm
 23 lost. I don't know what your issue is.

24 MR. DE COSIO: My issue is that on the simulcast
 25 approval from the California Horse Racing Board -- the

1 reason why I'm standing here -- there is a site listed
2 there on the approval of sites, that is Turf Del Norte,
3 and I have -- I didn't provide this to you because I want
4 this to be a continued investigation, to prove to you that
5 common pooling is happening from Mexico into California
6 and that is something that Caliente has proved that it's
7 not legal to do, but we want to verify that, working with
8 you together in order to pursue this.

9 Because Caliente -- I'm not sure if you know
10 about Caliente -- Caliente is a racing sports business,
11 and they've been doing that. It's sort of --
12 understanding it's a separate tool, and what they do is
13 they collect wagers and they don't -- they pay prices --
14 they mimic prices from the host tracks, but they apply
15 limits. And for that rights -- Caliente purchased the
16 simulcast rights to provide the audiovisual signals to the
17 land-based brick-and-mortar locations in Mexico.

18 SECOND VICE CHAIR AUERBACH: Can I ask if Scott
19 Daruty maybe --

20 CHAIR WINNER: I was just going to do that.

21 SECOND VICE CHAIR AUERBACH: Yeah. Can give us
22 some help on this. He's standing right there. Perhaps he
23 can help clarify. Thank you.

24 CHAIR WINNER: Thank you very much.

25 Scott, do you want to --

1 MR. DARUTY: Yeah. Good morning. Scott Daruty,
2 on behalf of Monarch Content Management. We're the
3 simulcast sales agent for all of the racetracks in
4 California.

5 First of all, I want to say I have tremendous
6 respect for the prior speaker, Santiago de Cosio, and his
7 company, Caliente. We have done business with them, all
8 the California racetracks, for many, many years. They run
9 a large network of bookshops in Mexico, legal bookshops.
10 And they've always done right by the U.S. racetracks in
11 paying fees to the U.S. tracks, which of course we share
12 with our horsemen's purses; so they have taken the right
13 approach.

14 There are other book locations in Latin
15 America -- we've talked about this in the past -- that
16 have taken our signals and taken bets on them and not paid
17 anything to the industry.

18 So I want to make clear, we've got a very good
19 relationship with Caliente and have every intention of
20 continuing that good relationship.

21 There is, however, a preferred method for our
22 racetracks to distribute our product and that is on a
23 commingled basis. You all know what that means. Their
24 wagers actually coming into our pools and being commingled
25 with U.S. bettors and with bettors in other locations

1 throughout the world.

2 Caliente's position historically has been they
3 run bookshops and they want to book, not commingle. And
4 they have told us many times over the years that they
5 believe it is not legal for a location in Mexico to
6 commingle.

7 We've done background reviews and due diligence
8 on a new operator in Mexico that has told us that they
9 have a license which permits them to commingle on U.S.
10 racetracks.

11 We have received a letter from a law firm that
12 we think is a very good indication of the legality from a
13 reputable firm.

14 We understand there is a debate in Mexico,
15 depending on who you ask. Some people tell you it is
16 legal to commingle; other people tell you it isn't legal
17 to commingle.

18 We're not experts on Mexican law, but we've done
19 due diligence and believe that we're making prudent
20 decisions in how we're distributing the signals of the
21 California racetrack.

22 So our view is that we would like to continue
23 the relationship with Caliente. It's been very good for
24 many years, and we would continue it. And they would run
25 book locations. Other locations in Mexico would be

1 commingled with our pools.

2 If there are any specific questions, I'd be
3 happy to answer them.

4 CHAIR WINNER: I'm not sure that you introduced
5 yourself at the beginning. Did you?

6 MR. DARUTY: I did, I think. I meant to.

7 Scott Daruty, Monarch Content Management.

8 SECOND VICE CHAIR AUERBACH: I have a specific
9 question, Scott.

10 Are we discussing here the likelihood of
11 Monarch switching the way they distribute our relationship
12 in Mexico because you found somebody that will commingle
13 as opposed to Caliente, which doesn't? And are we looking
14 here at, like, a family fight that perhaps we're somehow
15 in the middle of?

16 MR. DARUTY: Well, I wouldn't say we're
17 switching.

18 Our intent would be more distribution is better.
19 And so we would have multiple distribution partners in
20 Mexico.

21 Caliente would run a series of book locations.
22 Another operator would run commingle locations. Certain
23 customers in Mexico might like book betting versus
24 commingle or vice versa, and the customer would have the
25 choice.

1 We do hear periodically -- and I don't know that
2 I've ever seen evidence of this -- but we do hear
3 periodically that some customers prefer the book method
4 because they can put as big a bet as they want and not
5 have to worry about moving the pools.

6 As you know, at our Santa Anita or Del Mar, the
7 major tracks here in Southern California, the pools are
8 big enough that generally you don't have to worry about
9 that. But that could potentially be an issue maybe with
10 one of the smaller fairs in Northern California.

11 So to answer your specific question,
12 Commissioner Auerbach, I don't see this as a switch from
13 one model to another. I see this as an additional --

14 SECOND VICE CHAIR AUERBACH: An additional.
15 Okay.

16 MR. DARUTY: -- distribution.

17 And then as far as the CHRB's role, my belief is
18 that your role in this is as the regulator who approves
19 the list of locations to which a racetrack in California
20 send its simulcast signal. So every time we have a meet,
21 one of our tracks opens up a meet, we send a list that
22 says "Here is the 150 simulcast locations throughout the
23 world where the signal is going to be sent." It's
24 actually more than that but you --

25 And you either say, "Yes, this is okay" or "it's

1 not okay."

2 I don't want to put words in Santiago's mouth,
3 but I believe he's saying you should disapprove this new
4 commingled location.

5 SECOND VICE CHAIR AUERBACH: So -- okay.

6 So what we're saying is, is that he, this
7 gentleman here, who I won't pretend I can remember to
8 pronounce his name correctly, is kind of advising us in
9 the role of an advisor that perhaps adding this other
10 group may be not in conformity with laws in Mexico and
11 therefore something that we shouldn't approve.

12 Have I said that correctly?

13 MR. DE COSIO: That's correct.

14 SECOND VICE CHAIR AUERBACH: I'm sorry. It took
15 me a while to get here. I know I'm a little slower but --

16 MR. DARUTY: And I would -- I would simply
17 counter by -- we absolutely want to make sure we're
18 complying with all laws, both U.S. and Mexico. So if
19 we're presented with evidence that what this operator in
20 Mexico is doing is not legal, then, of course, we would
21 stop distributing to them. But we have seen --

22 CHAIR WINNER: Have you done due diligence on
23 the alternate operator in Mexico?

24 MR. DARUTY: We have, yes. We've done due
25 diligence and we've seen evidence that we believe it is

1 legal, although we recognize it is an issue, but there's
2 two sides --

3 CHAIR WINNER: Not necessarily with respect to
4 the legalities, but with respect to the operator itself.

5 MR. DARUTY: As far as who they are and who the
6 ownership is and background checks on the owners and
7 ensuring they have licenses and knowing where their
8 facilities are, we've done all that due diligence, yes.

9 CHAIR WINNER: Okay.

10 Any other questions for either of these folks?

11 All right. We have other people who would like
12 to speak.

13 You want to fill out a card or you just want
14 to --

15 MR. AVIOLI: I just want to comment on this
16 card.

17 CHAIR WINNER: Okay.

18 MR. AVIOLI: Thank you. Greg Avioli, TOC.

19 I just -- in the interest of full disclosure,
20 the horsemen working with Monarch took a substantial
21 reduction in our fees, our day rates last year with
22 Caliente. And I know you were part of those
23 conversations.

24 Part of that was a commitment from Caliente that
25 they would make available their ADW to California Horse

1 Racing at reasonable rates, and they have not followed
2 through that commitment and actually haven't been
3 negotiating in good faith on that.

4 So I'd like to see a resolution to all these
5 issues, but I'd also like to see them honor the deal that
6 we made with them last year. And I appreciate them coming
7 up to talk to the Board.

8 Thank you.

9 MR. ALEMANY: My name is Arturo Alemany,
10 president of MIR. I'm also the president of Pacific
11 Imperial Railroad, which has included its transactions at
12 the border for 110 miles between Mexico and the United
13 States.

14 I believe I'm standing here with friends and
15 family. Cliff Rutes (phonetic) has three grandchildren.
16 I have two with me here for many, many years. And I just
17 wanted to let you know that this is not an issue about
18 commercial.

19 By the way, the point is with Greg, that the ADW
20 has not been connected yet, technically, so they are
21 planning to connect that so they'll be able to honor their
22 commitment.

23 This is not about Caliente. Caliente is not
24 represented by itself. It's represented by several
25 groups, some of them publically traded, like Televisa,

1 Covair, that trades in the Public Stock Exchange of Spain.
2 They are all very concerned about Rule 80 with the
3 Secretary of the Interior of Mexico. It's the
4 only entity, Commissioner Madeline, that actually
5 regulates gaming in Mexico. There is over 100,000 slot
6 machines in Mexico with hundreds of casinos that happen to
7 have racing sports books.

8 The Nevada Gaming Control Board, Tim McNally and
9 all the people that are working with compliance, have
10 always worked with Scott Daruty. We think the world of
11 our relationship with all of you, with all of the products
12 that we're representing in Mexico. We have had illegality
13 going on for 10 years in Mexico, and Scott and I have been
14 the first ones to fight it.

15 Tom Roberts -- Tom Roberts is the only
16 disseminator from Mexico now.

17 Thanks to the efforts of Scott and his people,
18 we have been able to advance a great deal to secure the
19 signals to Tom Roberts, to all of Latin America, and Scott
20 is to be commended.

21 This is not about corporate. This is about
22 legality. This is about the rule at the Secretary of the
23 Interior that prohibits common pooling for anti-money
24 laundering reasons. There is precedence of law here in
25 the United States where there has been illegal commingling

1 that has actually caused criminal convictions and that is
2 a very dangerous transactional situation.

3 If we don't have the right policies and if we
4 don't have the right precautions, the Secretary of the
5 Interior of Mexico can shut down all these casinos, along
6 with the Nevada Gaming Control Board, if they feel that
7 the laws are not being respected.

8 So it's not about competing against someone that
9 has been allowed. It's for the CHRB -- and I talked to
10 Jeff yesterday on the third floor of Del Mar on opening
11 day. It's regarding the government-to-government
12 evaluation of the law, and whether it's Baker, McKenzie or
13 one of the top firms, of one of which I own, to be able to
14 determine for you whether Rule 80 and the Secretary of the
15 Interior's decision is the right one in 2017.

16 The document that you have comes directly from
17 the only authority that gives you the powers to operate in
18 Mexico. All these casinos -- all these public entities
19 have billion of dollars at risk if they are found not
20 compliant. And as far as we know, all those groups that
21 are represented are basically being told that it's illegal
22 to commingle funds with the United States.

23 So Scott and I need to evaluate that with you
24 and with the government entities that actually work with
25 the horsemen and with the commissions to form the triad.

1 And that's what we're asking for, an evaluation of the
2 legality under the Secretary of the Interior's rule, not
3 by a private law firm but actually going directly to the
4 government.

5 And that's what Mr. Tim McNally is willing to
6 do, to be the catalyst to meet with the Secretary of the
7 Interior of Mexico and the CHRB and review that law.

8 Thank you very much.

9 EXECUTIVE DIRECTOR BAEDEKER: I would suggest,
10 Commissioners, that there is some legal nuances here that
11 should be addressed.

12 If the situation was flipped, and there were
13 sites here in California that were receiving signal from
14 someplace against California law or federal law, then we
15 would have regulatory authority over those sites. But
16 because, as I understand it, you are maintaining that this
17 is a violation of Mexican law, I think that this Board
18 would need to have a direct relationship with the
19 government in Mexico in order to act; right?

20 Does that make sense?

21 MR. ALEMANY: Yes. That's exactly what is being
22 requested by Tim McNally and by Santiago Gonzalez.

23 That is the request. I just wanted to be
24 specific about the request. I wanted --

25 EXECUTIVE DIRECTOR BAEDEKER: But is the request

1 of the Mexican government to contact us?

2 MR. ALEMANY: We don't represent the Mexican
3 government. They are the governing entity that regulates
4 all of us.

5 EXECUTIVE DIRECTOR BAEDEKER: Right. What I'm
6 saying is that I think in order for this Board to act, it
7 should be requested from the Mexican government.

8 MR. ALEMANY: It's actually going to be a
9 catalyst with Mr. Tim McNally as the chairman of the
10 Compliance Committee of this organization to actually work
11 as a catalyst with you and the Mexican government to bring
12 that to happen.

13 EXECUTIVE DIRECTOR BAEDEKER: Okay. Well, I
14 would just direct it to our legal staff going forward.

15 MR. ALEMANY: That would be the request.

16 Thank you very much.

17 CHAIR WINNER: Thank you.

18 Any other questions? Comments?

19 Okay. Thank you very much.

20 J. Russell Lemon, the next speaker.

21 MR. LEMON: Hello. My name is J. Russell Lemon.

22 And my concern is the poisons that are added to
23 our air and food for the horses. The poisons that I'm
24 concerned about is fluorosilicic acid added to the water,
25 Glyphosate added to the foods, and now a new poison called

1 to 2,4-D, which is part of Agent Orange, is now also added
2 to the food that is now consumed by the horses in the
3 growing of grain back East.

4 Now, as you know, Glyphosate was actually
5 invented in the '30s for chemical warfare but was banned
6 from being used in World War II, was then picked up by
7 Monsanto as an agent to kill weeds. It also killed food
8 crops. The food crops had to be designed to be able to
9 grow without certain nutrients in order to withstand the
10 application of Roundup to them. And lack of these
11 nutrients does affect horse performance.

12 The other, fluorosilicic acid, as you know, has
13 been added to the water as a fluoride compound and a
14 fluoride compound has certain -- with the horses -- with
15 us and the horses it makes bones brittle and weaker and
16 causes -- you're more likely to fracture a bone if you
17 have been drinking fluorinated water.

18 Other new toxins that has been added is 2,4-D,
19 which is part of Agent Orange, and as you know, in
20 Vietnam, Agent Orange was used as a defoliant, but to this
21 day, a very high rate of birth defects in Vietnam from the
22 Agent Orange that was left over. And I don't think we
23 should be feeding horses food that contain 2,4-D.

24 2,4-D and Glyphosate are combined to a herbicide
25 called Enlist, which is now being used on crops to kill

1 weeds.

2 So now I'd like to talk a little bit about
3 Glyphosate and how it affects horses.

4 Since the alfalfa hay and other foods fed to
5 horses are designed to withstand 2,4-D, they're short on
6 certain vital nutrients because there was a lack of
7 chromium, you have Type II diabetes, inability to
8 metabolize sugar. Because they're short on cobalt, the
9 body cannot make (inaudible) which means it affects the
10 ability to cell division, affects cell division, so
11 without cell division you have infertility, miscarriage.
12 You can have anemia in horses and in us.

13 Now, these are the main concerns of the use of
14 these toxins.

15 Is that it?

16 CHAIR WINNER: That's your three minutes.

17 Would you like to take another minute or so and
18 wrap up as quickly as you can?

19 MR. LEMON: Very quickly, I'd just like to say
20 that in the testing of horses, when you do a blood test,
21 if you test for fluorosilicic acid, 2,4-D, and Glyphosate,
22 I think you will find the correlation between the presence
23 of these compounds and poor horse performance. In other
24 words, the horses that are winning are healthy because
25 they don't have these poisons.

1 Thank you.

2 CHAIR WINNER: Thank you.

3 Any questions or -- pardon me?

4 Yeah. I think there are a few more of these --
5 yeah, the same issue. And then we'll ask Dr. Arthur,
6 Commissioner Choper would like you to comment on this
7 issue, but let's hear from -- I think Zen Honeycutt. Is
8 that on this issue?

9 MS. HONEYCUTT: Yes.

10 CHAIR WINNER: Moms Across America.

11 MS. HONEYCUTT: Yes. Thank you so much.

12 CHAIR WINNER: Thank you.

13 MS. HONEYCUTT: I want to thank the Board for
14 listening, also Dr. Rick Arthur.

15 My name is Zen Honeycutt. I'm the founder and
16 director of Moms Across America. We're a nationwide
17 nonprofit. Our mission is to raise awareness about the
18 health risks of GMOs and related toxins, offer support
19 and solutions and for leadership to create healthy
20 communities.

21 After my son almost died from a food allergy
22 reaction and extensively researching our food supply, I
23 instigated the first testing in the United States for the
24 Glyphosate herbicide.

25 Glyphosate is sprayed on our food and feed

1 crops, as you've heard, and we found it present in our
2 children's urine, our tap water in Orange County, and
3 breast milk in 2014 by an accredited lab. And the levels
4 of Glyphosate were found up to 3,000 times higher than has
5 been shown to cause organ damage.

6 Glyphosate has since been detected by consumer
7 groups and government agencies in beverages, foods, and
8 grains in amounts which often exceed allowable levels.

9 And I've devoted my life to raising awareness
10 about the toxins used in GMO farming, and my work is not
11 secluded to animal -- to the food that humans eat but also
12 livestock, pets, and, yes, valuable racehorses.

13 So regarding the so-called safety of these
14 chemicals, many of you may have been told that these
15 chemicals are safe. The Board should know that the EPA
16 has admitted to not having any long-term animal studies
17 with blood analysis on the final formulation of these
18 products, of Roundup products, and many other herbicides.
19 They only require safety testing on one declared active
20 chemical ingredient, which could be one of 50 different
21 chemicals in a formulation.

22 So therefore, the claim that these products are
23 safe is completely unfounded. And they know this. In
24 fact, we have hundreds of studies now showing massive harm
25 to animals, and, in fact, many of these can be found on

1 our website under "Data." And you've already heard the
2 California -- the EPA has listed Glyphosate on the top
3 65 list as a carcinogen.

4 So you should also know that the EPA once
5 allowed two parts per million of Glyphosate residue on
6 corn, but in the spring of 2013, they raised that level,
7 at the request of Monsanto, the producer of Roundup, to
8 13 parts per million. They raised the levels on grains to
9 400 parts per million. It only takes 0.1 parts per
10 billion to destroy the gut bacteria.

11 And in 2004, your horses began eating those
12 grains, and not long afterwards, the increases in heart
13 attacks and health issues were recorded.

14 The Track Safety Committee should know that
15 studies now show that when the gut bacteria is destroyed,
16 botulism can develop. Glyphosate herbicide also destroys
17 the liver's ability to detox, causing liver disease. And
18 this has been scientifically proven by Michael Antoniou.
19 When the liver does not operate properly, heart damage
20 results.

21 It has also been shown that the bioaccumulation
22 of toxins is released during a sudden burst of exercise,
23 i.e., horseracing, right, to expel toxins. Unfortunately,
24 the sudden release of large amount of toxins in a damaged
25 heart can also cause a heart attack.

1 Glyphosate is also a chelator, meaning it can
2 cause mineral deficiency of essential minerals which are
3 necessary to prevent bones from breaking.

4 Just one more paragraph.

5 It is time for the Horseracing Committee to call
6 for non-GMO Glyphosate-free and toxin-free grains. It's
7 time for you to protect your investment and the industry
8 by requiring toxin-free food.

9 You have a tremendous opportunity to call for
10 organically grown grains. You're protecting the farmers,
11 the consumers, the animals, and you can make a positive
12 impact on millions of people.

13 I'd like to add, please look at the
14 Monika Kruger study, which showed that activated charcoal
15 and sauerkraut juice healed the guts of the cows that were
16 eating Glyphosate-sprayed grains.

17 You have solutions at your ready, and you have
18 an opportunity to make a huge difference for the industry.

19 Thank you very much. I'm going to provide these
20 to you.

21 CHAIR WINNER: Have you had an opportunity to
22 discuss your views and the studies with the president and
23 the head of the EPA? Because they're the ones that are
24 de-regulating.

25 MS. HONEYCUTT: Okay. So I have gone to the EPA

1 twice, in fact, and they were the ones that admitted to me
 2 that they do not have any long-term animal studies in the
 3 final formulation of Roundup. And they know of our
 4 concern and they are currently assessing whether or not to
 5 reapprove Glyphosate for another 15 years. In fact, the
 6 E.U. has not re-approved it for another 15 years. They
 7 only approved it for 18 months, and that's still up for
 8 assessment.

9 CHAIR WINNER: Thank you.

10 Any questions --

11 COMMISSIONER CHOPER: I just want to -- is it
 12 true that this preceded this administration?

13 MS. HONEYCUTT: That this what?

14 COMMISSIONER CHOPER: It was -- it's been an
 15 issue well before --

16 MS. HONEYCUTT: Oh, absolutely. They have been
 17 reviewing Glyphosate for seven years. And I believe that
 18 process has been slowed due to pressure from the
 19 corporations that make about 40 billion dollars a year
 20 from it.

21 FIRST VICE CHAIR KRIKORIAN: What specifically
 22 are you asking this Board to do?

23 MS. HONEYCUTT: I would love for this Board to
 24 recommend to force breeders to stop using
 25 Glyphosate-sprayed grains, to buy organic food for their

1 horses, and to do things like use activated charcoal and
 2 sauerkraut juice to heal the horses' guts. Once their
 3 guts are healed and their livers can detox and their bones
 4 get the right minerals, their health issues will improve.
 5 And this has been shown in animals and humans as well.

6 My sons are completely recovered from allergies,
 7 autism symptoms, and asthma from changing their diet to
 8 organic. This has happened around the world.

9 COMMISSIONER SOLIS: You have all this research
 10 on the website?

11 MS. HONEYCUTT: Yes. On my website, Moms Across
 12 America dot org, under "Data." We must have at least 60
 13 or 80 studies on there right now. As you mentioned,
 14 there's thousands of them, but I don't want to overwhelm
 15 my supporters. We have 30 key important ones on there.
 16 You can absolutely see the research on this on our
 17 website, and I have references on this information on
 18 there too --

19 CHAIR WINNER: Dr. Arthur, would you like to
 20 speak on this?

21 MS. NOR: I gave you all a list of links to
 22 2,000 studies.

23 CHAIR WINNER: We have that, yes.

24 MS. NOR: All right.

25 CHAIR WINNER: Thank you very much.

1 MS. HONEYCUTT: Thank you.

2 EQUINE MEDICAL DIRECTOR ARTHUR: Dr. Arthur,
3 Equine Medical Director.

4 I just recently, just a few minutes ago,
5 received the printed material that Joanne Nor had handed
6 out. I skimmed it very quickly.

7 I do consider all this speculation, but I am
8 certainly happy to take the document, share it with
9 toxicologists at the School of Veterinary Medicine at
10 UC Davis, see if they see any -- anything that's worth
11 pursuing in this material.

12 Certainly, owners of racehorses are always, at
13 their discretion, able to buy organically grown feedstuffs
14 for their horses. It really has not been a major issue
15 and -- heretofore. But I'm happy to discuss this with my
16 colleagues at the vet school and see if they see anything
17 that is worth pursuing on the part of the Board.

18 SECOND VICE CHAIR AUERBACH: I would think that
19 would be appropriate. I think that's a little bit beyond
20 our realm of not only expertise, but telling the industry
21 what they can and can't do at this point is a little
22 premature for us.

23 CHAIR WINNER: There are many, many studies on
24 both sides of this issue.

25 SECOND VICE CHAIR AUERBACH: Right. And that's

1 why --

2 CHAIR WINNER: And the question is which one do
3 you choose to accept?

4 SECOND VICE CHAIR AUERBACH: Exactly. That's
5 why I said it's beyond our expertise.

6 MS. HONEYCUTT: I would ask you who's funding
7 those studies that say this --

8 SECOND VICE CHAIR AUERBACH: We know how to look
9 at things. Thank you.

10 CHAIR WINNER: And we appreciate it.

11 FIRST VICE CHAIR KRIKORIAN: Dr. Arthur, I was
12 just going to ask that it looks like what they're looking
13 for is to see if we could provide some support by them
14 taking blood samples from horses that are injured; right?

15 Is that what you're saying?

16 MS. NOR: Yes.

17 FIRST VICE CHAIR KRIKORIAN: So is that
18 something we could participate to help them with a study,
19 to see if -- you know, if it's true, if it is a problem?
20 Because otherwise they can't get the information that they
21 need to prove it.

22 EQUINE MEDICAL DIRECTOR ARTHUR: There are
23 ways -- if, in fact, that there is a legitimate concern,
24 there are ways to design studies that would be
25 academically defensible and not necessarily for somebody

1 who's an advocate one way or the other.

2 You certainly have the Grayson-Jockey Club
3 Research Foundation who conducts studies that -- and
4 finances studies. Somebody can design a study, and in
5 collaboration with legitimate researchers that would be
6 able to submit these to Grayson-Jockey Club, to the CBH,
7 which actually receives funds from the horseracing
8 industry. And if they are scientifically viable, I think
9 we could certainly -- you know, that would certainly be an
10 option.

11 But there is a rigorous process by which you do
12 scientific studies. You just don't take some samples and
13 give them to somebody and let them analyze them. It has
14 to be done in a scientifically valid way, and there are
15 processes for receiving funding for this sort of research.

16 So, you know, that's how it would have to be.
17 You may have a researcher look at this and say, you know,
18 "This is nonsense. I don't want to be interested in it,"
19 or you might have somebody who says, "Hey, you know, there
20 may be something to this. If we do X, Y, and Z, we could
21 figure out whether there's any validity to it."

22 I will tell you, I get people who have solved
23 all of our problems with X, Y, Z all the time. And, you
24 know, I don't want to disparage this particular effort,
25 but, you know, it's something that we hear all the time.

1 There's not a simple answer to these. This is a long
2 emotional debate for a lot of people, GMOs and Glyphosate,
3 and it's been a long ongoing battle. And certainly there
4 is some advocacy here that is pretty obvious.

5 CHAIR WINNER: Any other questions?

6 I would appreciate it -- I think the Board would
7 appreciate it if you would review the materials and
8 determine what your recommendation would be, and the
9 others at UC California Davis with respect to whether
10 there is something that should be followed up and whether
11 we ought to be paying a little more closer attention to
12 this has been suggested --

13 EQUINE MEDICAL DIRECTOR ARTHUR: Happy to do
14 that, and hopefully we'll get back, maybe, in time for our
15 August medication meeting.

16 SECOND VICE CHAIR AUERBACH: Do you know, Rick,
17 if Grayson is doing anything with this, if they have any
18 studies related to this?

19 EQUINE MEDICAL DIRECTOR ARTHUR: No.

20 SECOND VICE CHAIR AUERBACH: Okay. So they
21 haven't gotten to the --

22 EQUINE MEDICAL DIRECTOR ARTHUR: No. You know,
23 I don't think this is recognized by the scientific
24 community --

25 SECOND VICE CHAIR AUERBACH: At this point.

1 EQUINE MEDICAL DIRECTOR ARTHUR: -- in equine
2 issue.

3 MS. HONEYCUTT: That is not true. People who --

4 CHAIR WINNER: Okay. Ma'am, ma'am, wait a
5 minute.

6 MS. HONEYCUTT: -- funded by Monsanto --

7 CHAIR WINNER: Wait a minute. Wait a minute,
8 please. You've had your opportunity to speak, and that is
9 our --

10 MS. HONEYCUTT: Sir, I came a long way to --

11 CHAIR WINNER: We're going to stay by the rules.

12 MS. HONEYCUTT: It takes two weeks to send some
13 samples to a lab --

14 CHAIR WINNER: I understand.

15 MS. HONEYCUTT: -- and gets them to -- I'm a
16 stay-at-home mom. We sent samples to a lab, got tests
17 done, and that can happen in two weeks. We can have those
18 tests done for those horses done before your next meeting.
19 It is absolutely unacceptable just to say, "You can't get
20 those tests done."

21 CHAIR WINNER: Ms. Honeycutt, thank you very
22 much. We appreciate your time and we appreciate your
23 strong views on this.

24 And I'm -- first of all, let's say that I, and I
25 think all of us, are delighted that your son has overcome

1 the allergies and the asthma that he had, which is the
2 most important thing.

3 Kim Lloyd.

4 MR. LLOYD: Kim Lloyd, General Manager of
5 Barretts.

6 Before I start selling, I'd like to make
7 everyone aware of the pending departure of our fearless
8 leader, Mike Seider, for the greener pastures of
9 San Francisco. He'll be sorely missed, and we wish him
10 all the best.

11 CHAIR WINNER: I don't think San Francisco is
12 greener pasture.

13 MR. LLOYD: Well, I'm just saying. That's what
14 he told me. He probably had the oats while he's up there.
15 That's for sure.

16 First, we have our paddock sale coming up
17 Wednesday, the 26th, 30 minutes after the last race.
18 We'll have a preview Monday, about 30 minutes after
19 training. We're looking forward to that. That's our
20 sixth annual paddock sale, and it's been a boon for us.
21 It's increased our exposure at Del Mar, and during our
22 transition from Pomona to here, and our sales, it's been a
23 big help for us in moving forward.

24 And then our third annual select yearling sale
25 is August the 29th, Tuesday the 29th. It's by far the

1 best catalog that we've ever put together and we're very
2 pleased with our chances this year of having a great sale,
3 and we're looking forward to it.

4 Thank you for your time.

5 CHAIR WINNER: Thank you, Kim.

6 Any questions or thoughts for Mr. Lloyd?

7 SECOND VICE CHAIR AUERBACH: Good luck.

8 MR. LLOYD: Thank you.

9 CHAIR WINNER: Good luck.

10 Darrell Haire.

11 MR. HAIRE: Darrell Haire -- good morning,
12 Mr. Chairman, members of the Board. Darrell Haire,
13 Western Regional Manager for the Jockeys' Guild.

14 I'd just like to thank Del Mar, Dennis Moore,
15 Lee Dickinson, for doing everything they can to make
16 things safer, from the track surface, Dennis Moore working
17 with the jockeys, and Alex Solis to do everything they can
18 to make it safer for horse and jockey.

19 Also, I'd like to again publically thank
20 Vice President Director of Racing Tom Robbins,
21 Pat Mackie, David Jergens, and Bob Moreno, the racing
22 secretaries, for working with the thoroughbred jockeys
23 here in California. With the scale of weights the last
24 year, close to where we're tweaking it, where we're almost
25 there, the jockeys are so much healthier now and stronger.

1 They can think because their weights are reasonable now,
2 so they get it.

3 And now it's spreading to Oregon, Washington,
4 Arizona. It's making all the difference in the world
5 where these guys can eat a little more, and really be able
6 to think and ride as professionals they are.

7 Thank you, members of the Board.

8 CHAIR WINNER: Thank you, Darrell. And we
9 appreciate all the work that you and the jockeys have done
10 to work with Del Mar and the industry on this critical
11 most important issue.

12 Any other comments?

13 All right. Then we're going to move ahead to
14 item No. 4: Discussion by the Board regarding the City of
15 Arcadia's request to discuss on-track advance deposit
16 wagering and distributions currently made to cities and
17 counties pursuant to the Business and Professions Code
18 Section 19610.3 and 19610.4.

19 Is there someone -- do we have a card?

20 Can you fill out a card?

21 MR. LAZZARETTO: We'd be happy to. Do you mind
22 if we approach to --

23 CHAIR WINNER: No. You can. Please do, but --

24 EXECUTIVE DIRECTOR BAEDEKER: We need cards.

25 CHAIR WINNER: We need cards. You have to go

1 fill out a card, please.

2 MR. BECK: We were the first ones here today,
3 too.

4 CHAIR WINNER: Well, welcome. You thought the
5 meeting was at 8:30.

6 SECOND VICE CHAIR AUERBACH: I almost ran --

7 MR. BECK: I'm sorry. I'm sorry, ma'am. I'm
8 apologizing for not having a card, but we were here at
9 8:30.

10 CHAIR WINNER: Thank you very much.

11 Okay. Who would like to go first?

12 MR. LAZZARETTO: I would, Mr. Chair. My name is
13 Dominic Lazzaretto. I am the City Manager for the City of
14 Arcadia.

15 Good morning, Mr. Chairman, Commissioners, and
16 staff members of the Board.

17 We're here today asking for something that we
18 believe is something very simple, which is a broad and
19 fair interpretation of existing law in response to the
20 changing technologies that have come into play over the
21 years.

22 And specifically, you all should have a copy of
23 the presentation we put together. I'll be referring to
24 that, if you have it.

25 But in the mid to late 1980s, a piece of

1 legislation that we'll refer to as the Tucker Bill -- the
2 chairman kindly pointed to the appropriate government code
3 section -- but the Tucker Bill was an agreement between
4 cities and operators in the horseracing industry to make
5 sure that everybody was fairly compensated and
6 participated in the horseracing industry.

7 City of Arcadia is home to Santa Anita Park. We
8 love being part of that. Santa Anita is very integral to
9 the City of Arcadia.

10 But the Tucker Bill says that one-third of
11 one percent of all of the handle that happens -- all the
12 betting that happens at Santa Anita Park, the City
13 benefits by one-third of one percent.

14 In exchange for that, we're not allowed to
15 charge a gate tax. We're not allowed to charge for public
16 safety services we provide there. We're not allowed to
17 charge for the roads we maintain. We're not allowed to
18 charge for fire and emergency medical services that happen
19 on the track.

20 In 1987 it was a good deal. You can see in the
21 presentation before you, we received almost about
22 five million dollars per year in today's dollars to
23 compensate us for our services we were providing.

24 Today those dollars are more like three-quarters
25 of a million dollars.

1 Now, we can say that it's because there's a lull
2 in the horseracing industry and things have changed in the
3 horseracing industry. But I'll point you to the page of
4 the presentation that says "Santa Anita Park" in the
5 table.

6 Race days in the last 10 years at Santa Anita
7 have gone up 48.2 percent. Attendance at Santa Anita has
8 gone up 33 percent. Total handle has gone up 63.8
9 percent -- or excuse me. Total handle has gone up 49.6
10 percent.

11 But in counter to that, the on-track portion of
12 the handle has gone down almost 8 percent. And to the
13 City of Arcadia, the revenues we receive, they've gone
14 down 37 percent. So we're approaching a 40 percent
15 decline in our revenue, while everything else, the
16 services we provide, the number of people coming to the
17 track, the amount of money that's being bet at the track
18 has gone up.

19 And we believe a significant portion of that is
20 because of technology; that people come to the track, they
21 may choose to go to the window, which is fantastic, but
22 also we're on our cell phones and electronic devices. The
23 Tucker Bill didn't exist when the internet -- the internet
24 didn't exist when the Tucker Bill went into effect, and so
25 it's completely silent on that.

1 And all we're asking for is a broad
2 interpretation of the Tucker Bill to say if you come to
3 the City of Arcadia, you bet on a race at Santa Anita
4 Racetrack, you benefit from our public safety services,
5 you enjoy the race in front of you, and you place a bet,
6 whether that's at a window or whether that's in a cell
7 phone or a tablet or any other electronic device that may
8 be invented in the next 20 years, that we enjoy the same
9 benefit as we would have in the days of when you always
10 had to bet at the betting window.

11 And so we're asking this Board to have a broad
12 interpretation of that. We know you had a discussion of
13 this with the operators last year around this time. The
14 cities weren't included in that discussion. We think it's
15 appropriate for us to be included in that consideration.

16 If the Board feels for some reason that you're
17 not able to interpret that, you don't have the authority
18 to interpret that, we have a piece of legislation that
19 we're putting before the California legislature --
20 legislation -- excuse me -- legislature under the number
21 of AB 1508 written by Assembly Member Chau, who represents
22 the City of Arcadia.

23 So if you feel you're not able to interpret the
24 Tucker Bill broadly, we'd ask for your support in
25 supporting Assembly Bill 1508 when it's heard this winter

1 and next spring.

2 So with that, I'll turn it over to Council
3 Member Tom Beck, who can provide a little additional
4 information.

5 MR. BECK: Good morning. I addressed you
6 last -- at your last meeting. I'm just going to have a
7 few comments.

8 First of all, I'm a former thoroughbred horse
9 owner. We view ourselves not as your enemy but as your
10 partner. And when the Tucker Bill came in, it was a
11 partnership between the stakeholders. Things have changed
12 since then because of technology.

13 I want you to know that whenever Santa Anita
14 comes to me on City Council or any of us, we do everything
15 we can to help Santa Anita. They do come regularly and
16 ask for our help. We're always there to help them because
17 they're our partner. They're the crown jewel of Arcadia,
18 or one of our crown jewels, and we want to help them.

19 We want -- and I think, Mr. Executive Director,
20 you used the expression in the last meeting about everyone
21 wanting a fair shake. And that's what we're asking. We
22 want a fair shake.

23 We're your partners. Technology has changed.
24 It's made the deal that we have under the Tucker Bill
25 unfair. And I'll give you a for instance.

1 It was in the recent past, we had to expand the
2 sewer height on Huntington Drive adjacent and coming out
3 of Santa Anita Park. And I can't quote the exact cost of
4 it, but it was like 700,000, which is our annual revenue
5 from -- from the pari-mutuel betting at the window.

6 You probably read in the paper all the time
7 about pension costs and salaries to safety workers, and we
8 have a lot of people that live on the back of the track.
9 And we're supplying paramedics and fire services and
10 police, and our expenses just keep going up. And we can't
11 charge a gate tax. We can't get our expenses back. The
12 only thing we can do is rely on the Tucker Bill.

13 Well, the Tucker Bill is now antiquated because,
14 as our City Manager said, it never anticipated the
15 internet. It never anticipated cell phones and computers
16 and, you know, satellite wagering happened and everything.
17 So now it's outdated.

18 And, you know, we're asking you to be fair with
19 us, fair and reasonable. We're not asking for anything I
20 think that's objectionable or unreasonable.

21 If somebody comes to the track and makes a bet,
22 should it matter whether they walk up to the window or
23 they're 10 feet away on their cell phone? They're still
24 using our roads, our -- everything that we provide.
25 They're on the premises. We can tell that they're on the

1 premise because the cell phone will tell you they're on
2 the premises.

3 And so we're asking for your cooperation. And,
4 again, we view ourselves as your partner. We're not your
5 enemy. And we view that wherever you make a bet on the
6 premises of the track, it should be treated equally.

7 EXECUTIVE DIRECTOR BAEDEKER: Just to be clear,
8 you are limiting this request or the scope of the request
9 to wagers made through ADW by a patron that is on track?
10 You're not talking about somebody --

11 MR. BECK: Yes.

12 EXECUTIVE DIRECTOR BAEDEKER: -- in Huntington
13 Beach making a wager on Santa Anita. Just those --

14 MR. LAZZARETTO: We would love to make it more
15 broad in that but that's --

16 CHAIR WINNER: That's a shock.

17 MR. LAZZARETTO: If the Board really wants to
18 get creative, we'd support it.

19 But, yes, we absolutely are limiting it to
20 on-track handle and on-track activity. We're not trying
21 to go beyond that.

22 CHAIR WINNER: What I'd like to do, and I know
23 that everybody has some questions, but let me just ask
24 legal counsel, because the -- one of the issue is whether
25 or not the law can -- the current law, Tucker law, can be

1 interpreted in a way that would be satisfactory to what
2 the request is. And I'd like to get legal counsel's view
3 of that.

4 Have you had a chance to look at that?

5 MR. McDONOUGH: Not at this time, Mr. Chairman.

6 CHAIR WINNER: Okay. But we ought to take a
7 look at that and see how we view that.

8 Now, I understand you have two requests. One is
9 interpretation of the Tucker law, and the other is support
10 for the legislation, as I understand --

11 MR. BECK: That's correct. That's correct.

12 CHAIR WINNER: Those are the two requests.

13 All right.

14 SECOND VICE CHAIR AUERBACH: I have a --

15 CHAIR WINNER: Commissioner Vice Chair Auerbach.

16 SECOND VICE CHAIR AUERBACH: -- question I don't
17 think that you can answer, but I'll ask the Board and you
18 can hear what everybody tells me.

19 As you know, we've just been through this issue
20 with the ADW. As you know, it took us quite some time to
21 get this resolved in terms in using geo locations and
22 identify the wagers of the track.

23 So this just -- you know, horseracing finally
24 caught up with us in the last few months.

25 And my question was, when they are determining

1 that money that comes in, when they're doing the split,
2 are they indeed taking that into account when they do the
3 split? That would be the question. And I don't know if
4 anybody in the room has the answer to that. Because
5 technically we're already -- we're just now getting what
6 we deem is our fair share, meaning the horsemen's and the
7 race operators' fair share.

8 So I do not know if that was included, and maybe
9 Mr. Avioli knows the answer to that.

10 MR. AVIOLI: Yes. Greg Avioli, TOC.

11 It is interesting, your question, there's no
12 money that's currently going from the -- what's being
13 called on-track ADW to any City government.

14 So that money -- just to refresh the Board, the
15 agreement we reached with all the ADWs, voluntary
16 agreement, tied to other horsemen's consent, runs through
17 the end of 2018. And it simply states that for wagers
18 placed within the enclosure of a racetrack on a live race
19 day, the ADW would receive a lowered fee of one and a half
20 percent versus the five percent fee they receive on all
21 other wagers of California residents.

22 That difference, that three and a half points,
23 is distributed equally between tracks and horsemen's
24 purses.

25 SECOND VICE CHAIR AUERBACH: So there was no

1 traditional cutout or no room for this particular issue
2 that we're discussing?

3 MR. AVIOLI: Correct. Yes, ma'am.

4 MR. LAZZARETTO: And, Madam Vice Chair, that was
5 our concern. We saw that happen. We were completely left
6 out of the conversation when ADW went into effect, to
7 begin with. And we saw that happen again -- we saw an
8 interpretation where the operator has identified that it
9 was a problem but, again, they forgot about the City that
10 hosts the track and the impact to the City. And all we're
11 asking for is one-third of one percent, fair share. As
12 Mr. Beck indicates, a bet is a bet is a bet. While racing
13 at Santa Anita and you drove on our roads and all of that,
14 the City benefits from it just the way it would have in
15 1987.

16 CHAIR WINNER: Are there any other questions?
17 Did you have a question?

18 FIRST VICE CHAIR KRIKORIAN: I just want to know
19 if (inaudible).

20 CHAIR WINNER: All right.

21 Okay. So what we'll do on this is we'll get an
22 opinion from legal counsel with respect to the
23 interpretation of current law, and then we'll discuss what
24 our ability or desire is with respect to the legislation
25 that you referred to.

1 MR. BECK: Yeah. You know, I don't know the
2 legality -- and I'm a lawyer. Guess you're going to have
3 to get a specialist. But it just seems to me that if we
4 can't interpret the law to say that a bet, no matter where
5 you place it on the premises, and we can identify that,
6 should be treated the same, as far as the City is
7 concerned. We're not asking for anything more than that
8 one-third of one percent.

9 Then at last we can --

10 COMMISSIONER CHOPER: Only for bets made either
11 through ADW, from -- anyway, only for people who are
12 sitting there in that -- in the racetrack.

13 MR. BECK: Yeah. Within that, maybe, what is
14 it, 300 acres or -- you have to be on the property to make
15 the bet. And we just want that same one-third as we would
16 get at the window --

17 CHAIR WINNER: So it's the same thing as the
18 geo-location issue that we've --

19 MR. BECK: Yes.

20 CHAIR WINNER: -- been going through for some
21 time; correct?

22 MR. BECK: Yeah. If we can't interpret the
23 legislation to include that, we're asking you as our
24 partners to support this proposed legislation that will
25 just spell out that if you're on the track and you're

1 making a bet, no matter how you're making the bet, that
 2 the City gets one-third of one percent to help us
 3 reimburse for all of our expenses that we provide so that
 4 the track can run.

5 CHAIR WINNER: I think, John, I think also, as
 6 you're reviewing this -- you and Mr. Laird are reviewing
 7 this, you should probably review to determine if this
 8 were -- if the decision with respect to Santa Anita and
 9 Arcadia applies, does that then apply to all cities where
 10 tracks are located?

11 MR. LAIRD: Yes, Mr. Chairman.

12 MR. BECK: Yeah. We're obviously just making
 13 this request for Arcadia.

14 CHAIR WINNER: I understand. But I'm
 15 suggesting --

16 MR. BECK: We don't have --

17 CHAIR WINNER: -- what's fair for one --

18 MR. BECK: -- partners in Northern California
 19 that are --

20 CHAIR WINNER: If the law applies to one, it
 21 applies to all.

22 MR. LAZZARETTO: Yes. And we have spoken to the
 23 cities that own tracks and they obviously support the
 24 concept. I'm sure they'd be happy if you interpreted it
 25 across, but we can only speak for ourself.

1 But we would expect, Mr. Chairman, that you
2 would invite us back when you have a better understanding
3 of the law?

4 CHAIR WINNER: We will.

5 MR. LAZZARETTO: Thank you, sir.

6 FIRST VICE CHAIR KRIKORIAN: You're asking for
7 the same thing that --

8 MR. BECK: We're asking for a fair shake.

9 SECOND VICE CHAIR AUERBACH: I have to tell you,
10 I just want to comment that if you spent 700,000 fixing
11 the sewer pipe, it's kind of appropriate. Thank you. And
12 glad you got it done.

13 Thank you.

14 MR. BECK: I'm really respectful of your time
15 because I've run City Council meetings, and one night we
16 had PETA there 'til midnight so I -- we've experienced
17 some of these issues.

18 CHAIR WINNER: Thank you.

19 We'll move on then to item No. 6: Discussion
20 and action by the Board on the application for license to
21 conduct a horseracing meeting of the California Authority
22 of Racing Fairs, CARF, at Pleasanton. The race meeting is
23 to be called Oak Tree at Pleasanton commencing September
24 20th, 2001 through October 3rd, 2017.

25 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, if

1 you'd like, Jackie, can you give us an update on the
2 status of the outstanding items here for the benefit of
3 the commissioners?

4 CHAIR WINNER: I think we're good. I think
5 we're good.

6 FIRST VICE CHAIR KRIKORIAN: I want to say thank
7 you for that, by the way.

8 MR. SWARTZLANDER: Chairman, Commissioners,
9 Larry Swartzlander, Director of Racing at Oak Tree at
10 Pleasanton meet for the fall meet. And I'm accompanied by
11 Angel Moore, who's the marketing director of the events,
12 and marketing will go with the racing meet, and of course
13 Mr. Chillingworth.

14 I'll briefly just go over the racing side of it,
15 and then turn it over to Angel and Chilli.

16 This year at this point we have an eight-day
17 meet. We have a \$75,000 stake race for two-year-olds and
18 the overnight purses will be identical to Golden Gate
19 Fields, looking at about \$825,000 given in purses.

20 The incentive program will also be utilized at
21 the Oak Tree meet. Trainers who run anywhere from five to
22 ten horses will get \$1000. If you run five -- five or
23 more, you get 500; and two to four, you get \$300. And of
24 course the out-of-state program is still in place, and the
25 out-of-state horse coming and running for the first time

1 at the fair gets \$300 for the first start, \$150 for the
2 second start.

3 At this point, everything looks excellent.
4 There's really no changes in the meet. We expect to have
5 the same turnout as last year. Hopefully the horse
6 population will be equivalent.

7 As you know, we just concluded the Oak Tree
8 summer meet. We did have a reduction in horses from 6.9
9 to 6.5. However, we were up 6 percent on track and
10 8 percent in Northern California. And we did have some
11 triple-digit days also at the Alameda County Fair. But it
12 was considered very successful. Attendance was up. It
13 was a great event to participate in.

14 I'll turn it over to Angel.

15 CHAIR WINNER: Thank you, Larry.

16 MS. MOORE: I'm Angel Moore, the marketing and
17 communications manager for the Alameda County Fair and the
18 Oak Tree Pleasanton Annual Race Meet.

19 I just want to touch on a couple of highlights
20 for this year. So what we typically do is we do an
21 integrated marketing campaign for the summer race meet.
22 The nice thing about knowing that we have our dates for
23 fall is we're able to encompass that and have greater
24 buying power when we know we're also buying for the fall.
25 So when we go in for our media and marketing buys for

1 summer, we have more leverage and we get more bonus
2 advertising for our fall meet.

3 In addition to that, what the integrated
4 marketing campaign means is that we are able to tie
5 together our press releases, we're able to tie together
6 our social media advertising, our TV. And while our
7 summer meet is happening, at that point we're able to
8 start promoting our fall race meet. It's been very
9 successful for us, as you would have seen in the 2016 fall
10 race meet.

11 Something else that we've learned is that people
12 love to come to events. That really brings us new racing
13 fans and that really excites us as an organization.

14 So last year we had a wine festival at our fall
15 race meet. We had a craft beer festival at our fall race
16 meet. And this year we're bringing in craft spirits to a
17 mixology festival at our fall race meet. In addition,
18 we're also bringing in a poker run, which is a motorcycle
19 run that will culminate and finish at the Oak Tree at
20 Pleasanton Race Meet.

21 So these events we really, in our research,
22 found are bringing out new bettors. We're still
23 encompassing all of our seasoned bettors by advertising in
24 our ADW market, our daily racing form, our Pollack report,
25 and with TVG. But we're able to get new bettors, the

1 millennial bettors out to the track. And when we get them
2 there, we're able to educate them.

3 And it's extremely exciting for us to see them.
4 They come and they want to learn, and they want to learn
5 via pictures and they want to learn via text, and they
6 want to learn via videos, which is -- the videos that you
7 were talking about today really excited me because I think
8 that is how our communities learn now. We learn through
9 videos.

10 I know TOC is also working on a program called
11 "We Care." I think these are great ways to educate our
12 seasoned bettors, as well as our new bettors.

13 CHAIR WINNER: Thank you.

14 Any questions?

15 MR. CHILLINGWORTH: May I put in a word here?

16 CHAIR WINNER: No.

17 Good morning.

18 MR. CHILLINGWORTH: Good morning, everybody.

19 This gal --

20 CHAIR WINNER: You have to introduce yourself.

21 MR. CHILLINGWORTH: Sherwood Chillingworth, Oak
22 Tree Racing Association.

23 Going back a little bit on my reel, this gal has
24 done a fantastic job in the last four years of promoting
25 racing at Pleasanton, and we think it's going to continue.

1 Anyway, one of the things that we should point
2 out is I got the sheet showing how much we made on wager.

3 The thing that stuck out in my mind was even
4 though we only ran 11 days out of 12, our betting on
5 on track is 8 percent higher than it was in 2016. That's
6 quite an accomplishment.

7 The other thing I really want to point out is
8 I'm always believing in doing something earlier than when
9 the meet starts. For example, putting on some kind of a
10 show the week or weekend before, which they did. And they
11 got --

12 CHAIR WINNER: Cattle running?

13 MS. MOORE: We had a cattle drive, yes.

14 MR. CHILLINGWORTH: They had a cattle drive.

15 Now, as a lawyer, I had a heart attack because
16 you got steers running --

17 How many steers were there?

18 MS. MOORE: 150 steers.

19 MR. CHILLINGWORTH: Can you imagine 150 steers
20 going through downtown Pleasanton? Remarkable.

21 Anyway, it was a great boost to the traditional
22 day the following week over what we couldn't have the
23 Thursday. But I want to compliment everybody here, CARF
24 and Pleasanton people did a great job in improving the
25 atmosphere, what we were doing, the showing of new things

1 to do in the game. And I give them a lot of credit for
2 our success. We're looking forward, really, this coming
3 meet, where we think we're going to do bananas.

4 We were -- last year, we were hopeful. We broke
5 even, essentially, we had a little money, but this year, I
6 think we're going to do much, much better.

7 CHAIR WINNER: You're going to do bananas?

8 MR. CHILLINGWORTH: Bananas, yeah.

9 Okay. Thank you.

10 CHAIR WINNER: Bananas.

11 Nobody has done more for marketing racing than
12 you have. Everybody in racing appreciates that.

13 MR. CHILLINGWORTH: Well, you were supporting
14 me, in fact, as I recall many years ago.

15 CHAIR WINNER: Yeah. I think John Valenzuela
16 wanted to raise a point here.

17 MR. VALENZUELA: Thank you.

18 John Valenzuela, PMEG Local 280, president.

19 Just to bring it to your attention, turns out
20 that Local 280 was able to provide labor up there at
21 Pleasanton. And from what I'm understanding, it's the
22 largest crew that we've ever had, and we were able to fill
23 the requirements that they were requesting.

24 We truly believe that made a big difference in
25 handle. What I'm understanding, the handle of the 12-day

1 meet last year compared to the 11-day meet, that we were
2 only off about 44 percent -- 44 hundredths of one -- of a
3 percent of handle, compared the 12 days to 11 days.

4 Anyway, I just wanted to bring that to your
5 attention.

6 So we were -- there was a lot of thank yous for
7 us to be able to maintain our labor there. So labor does
8 make a difference as far as handle.

9 Another thing I do have a concern on -- there's
10 two things that I'm concerned with, whether it's this fair
11 or the fair coming down our other track.

12 Now, about the CHRB rule, I think it's
13 1759, wagering, CHRB Rule for, like, a pick 6, pick 5, or
14 something like that, and an ARC rule.

15 Does it make a difference or is it -- basically
16 I just want clarity. Can they use both or one of the
17 other or -- just to determine --

18 EXECUTIVE DIRECTOR BAEDEKER: It's the rule
19 that's specified in their race meet application.

20 MR. VALENZUELA: So it's going to be used for
21 that particular --

22 CHAIR WINNER: Both of them are specified.

23 MR. VALENZUELA: -- type event. Yeah. Because
24 they're both specified in the application.

25 EXECUTIVE DIRECTOR BAEDEKER: Unless the Board

1 would not approve that part of their application --

2 MR. VALENZUELA: Oh, okay. I'm just wondering
3 if it was one or the other or they can use both, depending
4 on the bet.

5 EXECUTIVE DIRECTOR BAEDEKER: Well, you know, it
6 would be one or the other for each of the bets.

7 You want to explain, John -- or, Larry, what
8 John's talking about? I just walked back --

9 MR. SWARTZLANDER: All the wagers are specified
10 in the license, whether it's a pick 5 --

11 CHAIR WINNER: Here's --

12 MR. SWARTZLANDER: That's both.

13 One -- I don't have it in front of me, but the
14 ARC rule, whichever applies, whichever wager is the way it
15 should be stated in the license.

16 Must be an error on my part. There are no two
17 ARC rules that apply to one wager.

18 CHAIR WINNER: Right.

19 EXECUTIVE DIRECTOR BAEDEKER: But you just said
20 it is both.

21 MR. SWARTZLANDER: I'm just saying wagers. Not
22 both rules, no. Just one rule.

23 EXECUTIVE DIRECTOR BAEDEKER: We don't have two
24 rules --

25 MR. VALENZUELA: I think the reason why I'm

1 asking is that one basically pays off at the end of the
2 meet, mandatory payoff, and the other one carries for
3 one-third of the other --

4 CHAIR WINNER: So it needs to be clarified.

5 MR. VALENZUELA: I'm just asking for clarity.
6 That's all.

7 CHAIR WINNER: Thank you, John.

8 So we need to clarify that, which one is it?

9 MR. SWARTZLANDER: I'd have to look at it.

10 CHAIR WINNER: All right. Can we -- I think our
11 motion to approve should be pending clarification on that
12 one small item.

13 Do you want to make a motion?

14 Commissioner Solis moves for approval pending
15 clarification on that one item, which will take place
16 soon.

17 MR. SWARTZLANDER: Ten minutes.

18 CHAIR WINNER: Ten minutes. Okay.

19 Is there a second?

20 SECOND VICE CHAIR AUERBACH: Sure.

21 CHAIR WINNER: Vice Chair Auerbach seconds.

22 Any discussion?

23 Commissioner Ruano?

24 COMMISSIONER RUANO: Yes.

25 CHAIR WINNER: Commissioner Choper?

1 COMMISSIONER CHOPER: Yes.

2 CHAIR WINNER: Vice Chair Krikorian?

3 FIRST VICE CHAIR KRIKORIAN: Yes.

4 CHAIR WINNER: Chairman votes yes.

5 Commissioner Auerbach?

6 SECOND VICE CHAIR AUERBACH: Yes.

7 CHAIR WINNER: Vice Chair Auerbach?

8 And Commissioner Solis?

9 COMMISSIONER SOLIS: Yes.

10 CHAIR WINNER: Have a wonderful meet and thank
11 you for everything.

12 MR. VALENZUELA: Thank you.

13 CHAIR WINNER: Moving right along, No. 8:

14 Discussion and action by the Board on the
15 application for license to conduct a horseracing meeting
16 of the Big Fresno Fair at Fresno, commencing October 4,
17 2017 to October 17, 2017, inclusive.

18 MR. SWARTZLANDER: Again, good morning.

19 Larry Swartzlander, Director of Racing for the
20 135th Big Fresno Fair, accompanied by Lauri King, the
21 deputy fair manager Fresno.

22 And we'll use the same scenario. I'll go over
23 the racing operation side of it, and Lori will go through
24 the events and the marketing supporting the race meet.

25 We have a nine-day meet at Fresno. We have two

1 stake races with 100,000 guaranteed, which is a Golden
2 State series of race for California bred. It's a spread
3 going six furlongs and three up. So we had the bulldog
4 stakes, which is a three and up, \$50,000, going a mile and
5 one-eighth. Total purses, approximately 939,000 for the
6 meet.

7 The one major change in the venue for this
8 particular race meet is the incentive program. As you
9 know, we've discussed in the past again about the stabling
10 situation where Pleasanton disclosed we've doubled the
11 incentive program for Fresno.

12 So now if you run 10 or more horses, you get
13 \$2,000. If you run five to ten, you get 5 -- excuse me --
14 \$1000. And if you run two to four, you get \$500.

15 I'd just like to make a comment, too, on the
16 incentive program. We feel that the incentive program is
17 very important to the fairs at this point. It is simply
18 something that we've added to purses and stakes program
19 that we're getting the horses necessary to run the meets.

20 Sacramento, you know, it's a challenge. We had
21 a good weekend the first week, even with triple digit
22 heat. We're pretty close to breaking even with Northern
23 California. We feel confident this week with what's going
24 on throughout the meet into Fresno that we'll be able to
25 retain the horses here in California from out of state and

1 have a very successful meet at the Fresno Fair.

2 Lauri.

3 MS. KING: Thank you.

4 Good morning to everyone. As Larry said, my
5 name is Lauri King. I'm the deputy manager at the
6 Big Fresno Fair.

7 I want to thank you for this opportunity and for
8 allowing us to continue to have racing at the Big Fresno
9 Fair. As Larry said, it's our 135th fair and it's a
10 valued tradition, and horseracing is deep within the
11 valley and it is something that people come out in droves
12 to see in our area. And we just really love it and
13 appreciate this opportunity.

14 Talking about our marketing plan, we too have
15 found, similar to what Alameda has found, that people are
16 really looking for an event within the event. So we have
17 started to create some events.

18 We have a derby hat contest that we are in our
19 second year of. And this year we're creating a new craft
20 brew festival. We'll be doing that on the infield of the
21 track. And we have brewers coming in and it will be
22 modeled after the event that Alameda has.

23 We're looking next year to hopefully add a wine
24 event to that as well.

25 We're creating a new party area. We found that

1 the guests is our area really like to be able to have
2 corporate parties, so we're creating a new area for that
3 and really showcasing bringing corporations and bringing
4 in new bettors.

5 And we have partnered with about 30 local
6 sports bars in the area, and we have coasters that we
7 distribute that have a "Text to Win" campaign. And just
8 trying to get different clientele into the races.

9 A promotion that's worked very well for us for
10 the last two years is our "Even Winners" -- "Even Losers
11 Can Be Winners" promotion, where we take losing betting
12 tickets and people enter that in to win, and after each
13 race, we pull winners, and they win vouchers to continue
14 betting, and then we have final winners at the end of the
15 day and at the end of the meet as well.

16 The Big Fresno Fair is October 5th through the
17 15th, and we're geared up and very excited. We just
18 announced our entertainment and are looking to have just a
19 banner year. And we invite you all to come out to our
20 racing.

21 CHAIR WINNER: Thank you.

22 Any questions?

23 Is there a motion?

24 Commissioner Vice Chair Krikorian moves.

25 Commissioner Choper seconds.

1 Commissioner Ruano?

2 COMMISSIONER RUANO: Yes.

3 CHAIR WINNER: Commissioner Choper?

4 COMMISSIONER CHOPER: Yes.

5 CHAIR WINNER: Vice Chair Krikorian?

6 FIRST VICE CHAIR KRIKORIAN: Yes.

7 CHAIR WINNER: Chairman votes yes.

8 Vice Chair Auerbach?

9 SECOND VICE CHAIR AUERBACH: Yes.

10 CHAIR WINNER: Vice Chair Solis?

11 COMMISSIONER SOLIS: Yes.

12 CHAIR WINNER: Have a wonderful meet. Thank you
13 very much.

14 Item No. 9: Discussion and action by the Board
15 on the application for approval to conduct advanced
16 deposit wagering of Lien Games Racing, LLC dba Off Track
17 Betting dot-com for an out-of-state multi-jurisdictional
18 wagering of -- for a period of up to two years.

19 MR. FORD: Good morning. John Ford on behalf of
20 Lien Games Racing.

21 As you may know, Bet America website, which was
22 operated by Lien Games Racing, was sold to Churchill Downs
23 recently. We updated this renewal application to continue
24 with the site that Lien Games continues to operate,
25 Off Track Betting dot-com. Lien Games continues to

1 operate both Off Track Betting in North Dakota, and
2 operate Off Track Betting dot-com as an ADW online
3 wagering, and asking -- so this application has been
4 amended to reflect the change that happened to the
5 website.

6 CHAIR WINNER: Thank you.

7 SECOND VICE CHAIR AUERBACH: The reason you're
8 here is because of the --

9 MR. FORD: The renewal of Lien Games --

10 SECOND VICE CHAIR AUERBACH: -- purchase by
11 Churchill? Is that -- do I --

12 MR. FORD: So we're here for Lien Games' normal
13 renewal of its ADW license.

14 SECOND VICE CHAIR AUERBACH: You weren't
15 included in the last go-around that we had November the
16 8th?

17 MR. FORD: No. We had -- we were requested to
18 update our application to reflect the removal of Bet
19 America and just to reflect the Off Track Betting dot-com,
20 so we weren't at the last month's agenda.

21 SECOND VICE CHAIR AUERBACH: Okay.

22 CHAIR WINNER: Wouldn't it be sensible to have
23 the same renewal --

24 SECOND VICE CHAIR AUERBACH: Yeah. To have
25 renewal with everybody else just to --

1 CHAIR WINNER: -- period with everybody else?

2 MR. FORD: Makes sense.

3 SECOND VICE CHAIR AUERBACH: Yeah. So that
4 whatever regulations we put in, we don't have to hear it
5 twice.

6 CHAIR WINNER: Right.

7 Okay. Any other discussion?

8 Mr. Avioli?

9 SECOND VICE CHAIR AUERBACH: Do we have to
10 change it that way before we vote on it?

11 EXECUTIVE DIRECTOR BAEDEKER: You should include
12 that in the motion.

13 CHAIR WINNER: Yeah.

14 SECOND VICE CHAIR AUERBACH: We'll just add it
15 together --

16 MR. AVIOLI: Greg Avioli, on behalf of the TOC.

17 Per our previous conversation about the
18 geo-location, when this conversation, last time we spoke
19 at a meeting, they were opposed to the geo-location deal
20 that we reached with all the other ADWs, and it's now
21 implemented. And as of yet, they haven't contacted us and
22 said that they would approve that.

23 So absent that, the horsemen -- any consent that
24 we need to do for this ADW application, we will not be
25 granting that until such time as they would agree to the

1 same ADW terms that we've offered with everybody else on
2 geo-location.

3 CHAIR WINNER: John, you want to --

4 MR. FORD: Yes. I'd be happy to.

5 Currently, I think it is very significant TOC
6 approval for the Del Mar meet for Off Track Betting
7 dot-com.

8 But recognizing the issue that's out there, I
9 think that I'm happy to accommodate the TOC's request,
10 notwithstanding that approval, that there won't be
11 wagering on thoroughbred tracks in California until an
12 agreement is reached with the TOC with regard to
13 geo-location.

14 MR. AVIOLI: I'm not familiar with the approval
15 but you can maybe show me afterwards --

16 MR. FORD: Sure.

17 MR. AVIOLI: Okay.

18 MR. FORD: It's in your standard approval of the
19 Del Mar meeting.

20 MR. AVIOLI: Okay.

21 MR. FORD: But I'm happy to accommodate that.

22 MR. AVIOLI: Thank you.

23 CHAIR WINNER: Do you want to make a motion?

24 Hold on.

25 EXECUTIVE DIRECTOR BAEDEKER: I'm not sure the

1 geo-location issue --

2 SECOND VICE CHAIR AUERBACH: He just said the
3 TOC, so we can go ahead, I think, and do our part and have
4 them work it out.

5 EXECUTIVE DIRECTOR BAEDEKER: Separate from us.

6 CHAIR WINNER: You want to make a motion?

7 SECOND VICE CHAIR AUERBACH: I move that we
8 approve based on the information that Mr. Avioli gave us,
9 that they can work their problem out later with their
10 approval, but we'll go ahead, include the Board's point.

11 But I do want to put the ending date of their
12 license to coincide with the ending date of all the other
13 ADWs.

14 I don't remember what that date is, Jackie.

15 MS. WAGNER: Jackie Wagner, CHRB staff.

16 I don't remember the exact date but the
17 licensure was 18 months.

18 SECOND VICE CHAIR AUERBACH: So theirs would be
19 17 months.

20 MS. WAGNER: Correct. Their term would be 17
21 months.

22 SECOND VICE CHAIR AUERBACH: Let's -- can we do
23 language that makes it coincide with what we approve the
24 other ADWs for? That -- I know it's very convoluted --

25 CHAIR WINNER: I think we all understand the

1 motion. Jackie, you'll write it up.

2 Is there a second?

3 Second is by Vice Chairman Krikorian.

4 Any discussion?

5 I'm sorry. John.

6 MR. VALENZUELA: I had a card on the issue, but
7 you answered my question. You've already --

8 CHAIR WINNER: I apologize.

9 MR. VALENZUELA: It's okay.

10 John Valenzuela. Local 280, pari-mutuel.

11 CHAIR WINNER: Thank you.

12 Any other discussion?

13 Commissioner Solis?

14 COMMISSIONER SOLIS: Yes.

15 CHAIR WINNER: Vice Chair Auerbach?

16 SECOND VICE CHAIR AUERBACH: Yes.

17 CHAIR WINNER: Chairman votes yes.

18 Vice Chair Krikorian?

19 FIRST VICE CHAIR KRIKORIAN: Yes.

20 CHAIR WINNER: Commissioner Choper?

21 COMMISSIONER CHOPER: Yes.

22 COMMISSIONER RUANO: Yes.

23 CHAIR WINNER: Commissioner Ruano, yes.

24 All right. Thank you very much.

25 MR. FORD: Thank you.

1 CHAIR WINNER: Good luck.

2 Discussion and action by the Board regarding the
3 proposed Amendment CHRB Rule 1663, Entry of Claimed Horse
4 to provide that if the horse claimed out of a claiming
5 race is not eligible to race in any state other than
6 California until 60 days after the close of the meeting
7 from where it was claimed, except in a stakes race.

8 Any comment on this?

9 EXECUTIVE DIRECTOR BAEDEKER: Yes, Mr. Chairman.

10 As I think the commissioners are all aware,
11 there has been considerable discussion over the last many
12 months about short fields and about the fact that one of
13 the contributing factors is the removal -- the claiming
14 and removal of horses from California for many locations
15 east where purses are enhanced with subsidies from gaming,
16 other forms of gaming. And whereas there are house rules
17 in place, at least at Del Mar and Santa Anita, that
18 require that any horse claimed at the meet stay at the
19 meet. Nevertheless, the horse could be claimed in the
20 last couple of weeks and show up the day after a meet
21 closes at one of those locations in the east.

22 There's lots of talk about, you know, more
23 should be done. That's why it's on the agenda with this
24 recommendation that there be a 60-day extension, if you
25 will, and it could be a rule, as opposed to a house rule.

1 Now, the last time that the Board considered
2 this, I believe, was work that counsel has done, was in
3 2003. And I will ask our counsel, John McDonough, to
4 comment on this.

5 But I believe, John, that there's been a lot of
6 case law established between then and now which has
7 changed the legal parameters justification, if you will;
8 is that correct?

9 MR. McDONOUGH: Yes, Mr. Director.

10 Commenting on the entire aspect of, in 2003, we
11 had an attorney general opinion that felt that instituting
12 this rule would be a violation of interstate commerce.

13 Since that period of time, some 27 of 38 states
14 that allow wagering on racing horses -- racing, rather,
15 have instituted a rule similar to this, and there's been a
16 dramatic change in regards to Supreme Court decision the
17 last few years narrowing the scope of interstate commerce.

18 Based on an analysis done by the entire legal
19 unit, we believe that we should ask for another opinion by
20 the Attorney General because we believe the Board, if they
21 choose to, could institute this particular regulation, and
22 it could be defended.

23 Now --

24 CHAIR WINNER: I can't --

25 MR. McDONOUGH: Now, there's a very good chance

1 there might be some litigation in regards to this, so we
2 would want to make sure -- absolutely sure by getting
3 another Attorney General opinion, which we believe we can
4 get on an expedited basis, but current opinion of the
5 legal department is that the Board, to help support the
6 filling of the cards, could institute -- reinstitute this
7 particular regulation.

8 EXECUTIVE DIRECTOR BAEDEKER: And, Mr. Chairman,
9 you know, the Board today, if it was so inclined, could
10 decide to send this matter out for 45-day public comment.
11 And as everybody knows, it takes a while to get to the
12 point where the clock actually starts ticking.

13 It -- by the time we get our part done,
14 submitted to agency for review, it might take 45 days
15 itself.

16 So we probably would be looking at a couple
17 months before this actually is officially out for 45 day.
18 And in that same time frame, we can -- we're confident
19 that we will get an opinion back from the Attorney
20 General.

21 So you'll have more information in front of you
22 when this comes back to your agenda in a few months.

23 COMMISSIONER SOLIS: I have a question.

24 CHAIR WINNER: Let me -- go ahead.

25 COMMISSIONER SOLIS: Sorry.

1 And the 60 days that it says here, what about
2 the third meet, the fair meet? Because they're not --
3 again, are we going to use that as just one meet?

4 EXECUTIVE DIRECTOR BAEDEKER: Yes. Each meet
5 would be subject to this rule.

6 COMMISSIONER SOLIS: So only fair is one meet?

7 EXECUTIVE DIRECTOR BAEDEKER: Well, I'm not sure
8 about that. No. No. Each meet -- each meet would be
9 considered independently because they each submit a
10 license application.

11 CHAIR WINNER: So it would be 60 days after that
12 meet. So if it's Pleasanton, it's 60 days after
13 Pleasanton, as far as 60 days.

14 Now, the reason -- as I understand it, since
15 2003, something that may have impacted what's going on is
16 our claiming rule that we have now instituted with respect
17 to claims being voided.

18 So what happens, as I understand it, is
19 trainers, knowing that horses who get through -- that are
20 claimed and come out clean from the claiming rule are in
21 pretty good shape. They're good and healthy, and then
22 they claim them and they send them -- they get through the
23 vet, then they send them out of state.

24 So this rule, the purpose of this would be to
25 help protect our field sizes, which as everybody knows,

1 dwindle.

2 I think Mr. Balch wants to speak on this, and
3 then we'll take questions and discussion of all the
4 members.

5 Mr. Balch. Alan, how are you?

6 MR. BALCH: Fine. Thank you, sir.

7 Alan Balch, California Thoroughbred Trainers.

8 First of all, we're delighted to hear the
9 analysis and that the analysis will go forward. We do
10 believe that a rule along these lines at the State of
11 California level will -- is needed.

12 We are concerned, however, that this -- the way
13 this is currently written to be sent out today is perhaps
14 premature because for just what Commissioner Solis started
15 to raise, it's a one size fits all for the entire state of
16 California, and a great deal has changed in our racing
17 schedules since 2003 or 2010 or whenever.

18 We have these race meetings now. You mentioned
19 the fairs. But you also have the situation where
20 Santa Anita is racing potentially, depending on how the
21 meets are considered, for six consecutive months. You
22 have Del Mar with the ship-and-win program. You have a
23 lot of other things that would lead us to question whether
24 the number should be 60 days.

25 And I'm not saying it shouldn't necessarily, but

1 there are issues I think that should be addressed, perhaps
2 at an expedited committee meeting or even informally or
3 something, that maybe could be conducted while the
4 authorities are reviewing the legality of this issue.

5 When we've had informal meetings because of
6 Northern -- we have to consider the Northern California
7 lengthy meetings at Golden Gate as well. And I guess
8 there is some discussion about whether it should be
9 45 days or the end of the meeting, whichever is longer;
10 45 days instead of six months.

11 One of the things that maybe could be considered
12 would be some kind of a broader endorsement of the
13 Racing Board Rule that recognized that limits may be
14 established in the license of an individual race meeting,
15 and that specifically endorse that the State finds however
16 this rule would be worded, that the State of California
17 endorses the -- or approves, whatever, the part of the
18 license application, a variant of a specific time as part
19 of the license application, which would enable the
20 individual racing associations to consult with their
21 horsemen of what's appropriate for the days after any
22 particular meet, because it might be different.

23 Back in the day when this meeting -- when this
24 rule was previously operating, Santa Anita was racing for
25 15 weeks, Hollywood Park was racing for 15 weeks, Del Mar

1 was racing for seven weeks, Oak Tree racing for four,
2 five, or six weeks, and now we don't have that situation.

3 So we want to provide for the protection,
4 obviously, which is why we endorse this in concept. We do
5 believe we need to protect our horses in California. We
6 do believe it's legal. We are happy to hear the research
7 that you have is the same as ours. But we just want to
8 make sure it's -- that it's applicable to current racing.

9 CHAIR WINNER: Thank you, Mr. Balch.

10 I'm going to recommend that we send this to
11 Legislative Legal and Regulations Committee, where
12 Commissioner Choper's the chair, Commissioner Ruano is a
13 member, and that we hold a committee -- that committee
14 hold a meeting between now and the August Board meeting to
15 deal with the issues that Mr. Balch and others have raised
16 here.

17 Having said that, I'm still -- the matter is
18 still here on the agenda.

19 So, I know, Joe, you wanted to speak on this.

20 Do you still want to speak or do you want to
21 wait for the committee? Your pleasure.

22 MR. MORRIS: Joe Morris of Santa Anita.

23 I just want to go on the record also from
24 Santa Anita saying we support and endorse this initiative
25 also. I think it's a good idea to send it to committee so

1 that we can work out some of the details as a group here
2 but it's something that's overdue and we need to get that
3 rule put in.

4 SECOND VICE CHAIR AUERBACH: I have a question,
5 Joe.

6 Are you going to put in a house rule?

7 MR. MORRIS: Yes.

8 SECOND VICE CHAIR AUERBACH: Okay. Can you
9 divulge what you're going to say or --

10 MR. MORRIS: You know, we're talking about a
11 60-day -- we have a four- or five-week meet, 60 days or --

12 SECOND VICE CHAIR AUERBACH: So when we approve
13 your next license, will we be able to see that as part of
14 the house rule? So I would suggest it would be really
15 something we'd love to see.

16 MR. MORRIS: Yes.

17 SECOND VICE CHAIR AUERBACH: Okay. Thank you.

18 CHAIR WINNER: Josh, did you want to say
19 something?

20 MR. RUBENSTEIN: Yes. Josh Rubenstein, Del Mar.

21 We also appreciate the Board taking up this
22 matter.

23 Currently, Del Mar has a house rule after a
24 horse is claimed either can't go out of state for 45 days
25 or after the race meet, whichever is longer.

1 But to reiterate what Mr. Balch said, we'd love
2 to be able to speak to this at the committee level so all
3 the stakeholders can get their opinions out there.

4 CHAIR WINNER: Thank you.

5 Any other discussion?

6 FIRST VICE CHAIR KRIKORIAN: I have a question.

7 Why isn't this all just being done by house
8 rule, to begin with?

9 EXECUTIVE DIRECTOR BAEDEKER: Commissioner,
10 Vice Chair Krikorian, it certainly could be done by house
11 rule, but the associations had the authority to do that.

12 However, I think the Board needs to consider
13 whether or not this rule is appropriate for the long range
14 for racing in California. And, if so, it would be more
15 appropriate that the Board then adopt a rule.

16 You know, associations change, personalities
17 change, and if the Board is happy with taking that risk,
18 it's reasonable, of course, so -- but that's why it's
19 before you and that's why -- that's the purpose of the
20 public comment, to decipher all of those things.

21 MR. MARTEN: Mike Marten, CHRB staff.

22 I think the one significant difference that I
23 could see is that the house rule would take action against
24 the stabling privileges when they come back around again.

25 But the CHRB rule could restrict anyone from --

1 you could even have reciprocation from the other state
2 honoring the 60-day rule. But they don't always
3 reciprocate but there's much greater authority in a rule
4 than the house rule. The Board rule could -- has a longer
5 reach than the house rule.

6 MR. BALCH: If I might add, not to prolong it,
7 but, Commissioner, I agree with what Mr. Marten just said.

8 But, for example, the way it's worded now, a
9 horse claimed out in the proposal, a horse claimed out in
10 the claiming race is not eligible to race in any state
11 other than California until, it says, 60 days. It could
12 say until such number of days after the close of the
13 meeting from where it was claimed, except in the states,
14 provided that number of days shall be stipulated in the
15 license application, something like that. So then you get
16 the best of both worlds. You get the flexibility, plus
17 you have the authority of the state backing it.

18 FIRST VICE CHAIR KRIKORIAN: Well, let's just
19 say, for example, somebody claims a horse on December 26th
20 at Santa Anita, and they're running it 'til the following
21 June, end of June, and so whoever claimed that horse, they
22 can't move that horse for the whole six months; correct?

23 MR. BALCH: That is -- that is precisely one of
24 the problems with long meetings that need to be flushed
25 out and understood. Because sometimes horses would ship

1 or sometimes stables would ship on the condition that,
 2 hey, we want to be there from December until April, but
 3 then we want to ship out. And those things have to be
 4 done in a way that stimulates commerce in the breed and
 5 stimulates support of California Racing and not deter it.

6 FIRST VICE CHAIR KRIKORIAN: Right.

7 SECOND VICE CHAIR AUERBACH: The other -- well,
 8 you know, the other part of that too, Jess -- Jess, I'm
 9 sorry, George, is that I think we view the Santa Anita as
 10 two separate meets. So even if you did put it in in the
 11 fall, they could technically -- I'm not sure if we do, but
 12 if we do, then it would be, like, after the end of April.
 13 So they could get out.

14 And I don't think we would prohibit if we did it
 15 that way, as long as Santa Anita was still delineated as
 16 two separate meets. That might be the way around that so
 17 as to not stop people from claiming because they don't
 18 want to be stuck for six months or whatever that number
 19 is. So that might work.

20 CHAIR WINNER: Why don't we send it to committee
 21 and then we can have a discussion.

22 One of the advantages of the Board doing it, if
 23 the Board chooses to do it, is that if the facility -- if
 24 the racetrack decides it's a house rule, to change the
 25 rule, that's their decision rather than our decision. So

1 there are some advantages should we choose to do it, to
2 having a CHRB rule --

3 FIRST VICE CHAIR KRIKORIAN: Wouldn't the tracks
4 have to abide by the same rule?

5 CHAIR WINNER: Not if it's a house rule. A
6 house rule, they can't change the house rule.

7 COMMISSIONER CHOPER: Also think about having a
8 uniform rule --

9 CHAIR WINNER: Right.

10 COMMISSIONER CHOPER: -- and provide for certain
11 exceptions --

12 CHAIR WINNER: Right.

13 COMMISSIONER CHOPER: -- that can -- authorize
14 certain exceptions --

15 FIRST VICE CHAIR KRIKORIAN: It seems like
16 there's a lot of thought that needs to go into this.

17 CHAIR WINNER: Commissioner Choper and
18 Commissioner Auerbach -- I mean Commissioner Ruano, the
19 ball is in your court.

20 COMMISSIONER SOLIS: How is that going to work
21 out at the end of the fair?

22 CHAIR WINNER: That's one of the things that
23 would have to be discussed. I think that's a valid point,
24 especially given, you know, that a lot of the horses at
25 the fairs are sent there from out of state, and then if

1 somebody from out of state claims them, they're stuck in
2 California. That it's a very good point that you raise,
3 and I think that should be discussed as well at committee
4 level.

5 That's why I would like to have the committee
6 meeting between now and the August meeting, and then this
7 can be put back on the August meeting agenda. Okay?

8 All right. Moving right along. I think
9 Mr. Avioli wanted to go back to Item 9 and correct
10 something, as I understand it.

11 MR. AVIOLI: Yes, Mr. Chairman. Greg Avioli,
12 TOC.

13 Since Mr. Ford spoke, he and I have reviewed the
14 documents, and I can confirm there is no consent given in
15 any form from the TOC for Lien Games to accept wagers from
16 California. And I have confirmed with him that until we
17 give that consent, he's not authorized to do that under
18 the law. He misspoke. He thought a consent that allowed
19 interstate simulcasting outside of California was
20 necessary. I believe he now understands that's incorrect.
21 So I wanted the record to be clear on that.

22 Thank you.

23 CHAIR WINNER: Thank you.

24 Item No. 11: Discussion and action by the Board
25 regarding proposed amendment CHRB Rule 1865, altering of

1 sex of a horse, provide that a horse feed be scratched if
2 the true sex of the horse is not reported to the racing
3 office prior to the opening of wagering for the race in
4 which the horse is entered.

5 EXECUTIVE DIRECTOR BAEDEKER: Mr. Chairman, this
6 became a prime time issue not too long ago when a horse at
7 Santa Anita that was running in the last leg of the
8 Jackpot Pick 6, and 25 minutes before post time, it was
9 announced that the horse was a gelding. And there was
10 quite an uproar about it.

11 And we had a discussion about this issue at a
12 committee meeting, I think nine months ago or a little bit
13 longer. And at the end of the committee meeting, it was
14 decided that we would poll horse players to get their
15 opinion on the matter, and Mike can give you the specific
16 results, but it came back overwhelmingly in favor of a
17 scratch.

18 Our proposal to the Board would be -- I'll just
19 read it.

20 "The proposed amendment to Rule 1663 will add a
21 new subparagraph to require that the stewards declare a
22 horse from the race in which it is entered if the true sex
23 of the horse is not reported to the racing office, and
24 hence to the public, prior to the opening of wagering on
25 the race."

1 So between the time of entry and between the
2 time of wagering, there is an opportunity to correct the
3 mistake and advise the public by means of crawl and
4 announcements and all the usual methods during wagering,
5 long before the race itself.

6 FIRST VICE CHAIR KRIKORIAN: Okay. So Chairman
7 Winner would like to take a break for a minute.

8 So first, if someone that would like to speak on
9 this matter, like -- oh, Alan sorry. Couldn't read it.

10 MR. BALCH: Alan Balch again. California
11 Thoroughbred Trainers. I'm glad to see Chairman Winner
12 rejoining us.

13 I feel, in addressing this for the umpteenth
14 time, that I should appeal to St. Jude or the patron of
15 lost causes.

16 I think the -- of course we all anticipated that
17 the poll that Executive Director Baedeker referred would
18 come back as it did, but of course the trainers were not
19 polled and the owners were not polled.

20 Here is a situation where we've had one recent
21 incident in however long it's been -- I think we've had a
22 very collegial discussion with the committee and the Board
23 over the years as this situation has evolved, and through
24 a lot of teamwork, we have gotten to the situation where
25 there are hardly any first-time geldings that are not

1 reported prior to the opening. So that's a double-edged
2 sword.

3 On the one hand, "Gee, Alan, why are you
4 complaining about this potential new rule because there
5 will only be very few people that will be affected by it."
6 So -- because there were only six or something in the last
7 year.

8 On the other hand, we would ask the Board to
9 kindly consider this. I guess today you're considering
10 sending it out for public comment the way it's written.

11 Am I correct in that?

12 CHAIR WINNER: That's correct.

13 MR. BALCH: So we could comment on it in the
14 public comment process, which then would come back to this
15 Board for final consideration; is that correct?

16 CHAIR WINNER: That's correct.

17 MR. BALCH: So maybe that's what we should do.
18 But we do think that this is really hitting the proverbial
19 fly with a sledgehammer.

20 A scratch of a horse, when we have the field
21 size situation that we did, I called to my superior's
22 attention today the fact that, well, this would only
23 affect maybe six people in a year, his immediate response
24 was, "Well, that's a race at Santa Anita. That many
25 scratches is a race at Santa Anita," which is true.

1 And we have to remember that it's not just the
2 pick bets. This -- in the incident, so to speak, that
3 caused this latest action to be taken or proposed, here
4 was a horse that, one, was not any kind of a form
5 reversal, which used to be the reason cited. Oh, my gosh,
6 when this happens, there's a big form reversal. How could
7 these people have known?

8 Well, in this case, the horse was second
9 favorite, I think, and very -- had worked very well, had
10 been off a long time, and won the race. And think of what
11 the reaction would have been if that horse had been
12 scratched right in the immediate prior to the running of
13 that race.

14 It is true the horse won and triggered a half a
15 million dollar payoff as one of the favorites. If he had
16 been scratched as one of the favorites, the blogosphere
17 would have gone crazy on "Santa Anita did this to create a
18 carryover."

19 We can't win if we're going to talk always about
20 what the great broad reaction is.

21 I would appeal to this Board to think about
22 what's fair to all the connections, which certainly
23 include the horse players. We can say, number one, the
24 horseplayers, they're the audience. But that horse was a
25 favorite horse, regardless, in that particular case.

1 And if we elevate this to the position of a
2 scratch, we are basically saying that gelding a horse for
3 the -- you know, running a horse right after he's been
4 gelded, is that serious a factor in handicapping, which
5 some horse players believe, but a lot of horse players do
6 not believe, and certainly a lot of horsemen do not
7 believe, and certainly the people who bet on that horse
8 that day as a second favorite, he certainly figured,
9 regardless.

10 So we just have always felt that the first time
11 gelding of a horse is not that critical a handicapping
12 factor to be elevated by this Board, which I think would
13 be the only jurisdiction that would have such a rule in
14 the United States.

15 Now, you can say, "Well, we're leading the
16 nation." But we're not leading the nation necessarily in
17 the right way.

18 Gelding a horse is a very important handicapping
19 factor. We agree to that. We take every conceivable
20 means of trying to see to it that it is properly
21 considered and on the program and so forth before
22 wagering. Announce we've got it from dozens a couple
23 years ago down to six in the last year in the whole state.
24 Is that the right number? Seven.

25 So not that many people would be affected by a

1 scratch. Except all of those people, particularly if they
2 were innocent in the mixup, whether it was a racing
3 office, which is possible, or a breeder, or a farm, or a
4 trainer, or any of the connections, and the tracks would
5 also be harmed. Remember, that horse is not just in a
6 Pick -- a Pick 6 race. He's in exactas. He's in all
7 kinds of other win, play, show wagers and everything else.
8 And a scratch -- a late scratch like that is very harmful
9 to all of the connections: the owners, the trainers, and
10 the racetrack.

11 So you've heard this all from me before at even
12 greater length and in writing.

13 St. Jude, thank you for my appeal to you.

14 CHAIR WINNER: Is there any discussion on this?

15 COMMISSIONER SOLIS: I have a comment.

16 CHAIR WINNER: Commissioner Solis.

17 COMMISSIONER SOLIS: I mean, I think we support
18 to protect the public, number one. And for 27 years,
19 breeding and riding horses, I know what's the difference
20 of riding a horse when he get gelding. I'm not saying
21 that -- I'm not saying that he's going to win right away.
22 It's going to improve 20 lengths. But mentally and
23 physically, they're more focused, they're more -- they
24 mature a lot quicker, and it does really help for the
25 horse to improve in the next races. And, again, I'm not

1 saying they're not going to win, but that's -- they do
2 improve, and I feel like we do have to protect the public,
3 the betting public.

4 CHAIR WINNER: Commissioner Krikorian.

5 FIRST VICE CHAIR KRIKORIAN: I was going to say
6 that every day when the horses race, we announce any
7 changes in the weights, blinkers on, blinkers off. None
8 of those things are substantial or serious an issue as
9 gelding a horse before a race.

10 So, you know, I think this is something that in
11 spite of the concerns you're addressing is something that
12 we probably should move forward with. That's my opinion.

13 MR. BALCH: If I may respond briefly to that.

14 Very few things result in a scratch though, a
15 late scratch. If there's a mistake on blinkers on or off,
16 that doesn't result. If there's a jockey change, that
17 doesn't result in a scratch. If there's a surface change,
18 that doesn't result in the cancelation.

19 So this elevates the first-time gelding as a
20 handicapping factor above basically almost everything
21 else. I'm sure there's something else that results in a
22 scratch.

23 I think on the Lasix, is that -- Dr. Arthur, is
24 that correct, that if there's a mistake made on the Lasix,
25 does that result in a scratch? Am I correct in that?

1 EQUINE MEDICAL DIRECTOR ARTHUR: It does result
2 in a scratch.

3 MR. BALCH: That is a factor that results in a
4 scratch. And this would put the first-time gelding on
5 that level.

6 CHAIR WINNER: I assume that somebody else
7 wanted to speak?

8 Jess, did you --

9 COMMISSIONER CHOPER: I changed my mind.

10 CHAIR WINNER: Okay. Commissioner Auerbach?

11 SECOND VICE CHAIR AUERBACH: I was just going to
12 say, we can add one other thing to that, and if we want to
13 get into the weeds with this, we could do this with
14 allowing the horse to stay in the race but run only for
15 purse money so that the jockey and the owner, maybe who
16 was innocent in this, would not suffer. I mean, there are
17 just a lot of ways to skin this cat.

18 But I submit to you, Mr. Balch, that the last
19 kerfuffle was not for half a million dollars. I think it
20 was for almost a million dollars, and was a huge issue,
21 until the person who actually hit it made known who he was
22 and took away some of the drama.

23 But it was a lot of drama and a lot of
24 unnecessary -- a lot of uncertainty, that we have so much
25 uncertainty racing as it is, that I think we need to find

1 a way to address it. I don't think we can keep ignoring
2 it.

3 It always seems to be there's only one, there's
4 only three, there's only six, but it always creates the
5 idea that somebody did something nefarious and that's --
6 we've got to get as far away, I think, from the nefarious
7 activities or the perceived nefarious activities as we
8 can. We have to have the gamblers really trust what we're
9 doing out there. And I think that's why it keeps coming
10 back.

11 CHAIR WINNER: Of course you made a point, Alan,
12 that the horse was second favorite. I assume that's
13 correct.

14 What if it was a long shot? That changes the
15 dynamics of this whole discussion.

16 SECOND VICE CHAIR AUERBACH: Right.

17 CHAIR WINNER: And is there any other discussion
18 on --

19 EXECUTIVE DIRECTOR BAEDER: Talking about
20 45-day.

21 CHAIR WINNER: Yeah. Sending it out to 45 days.
22 Did you want to -- Dr. Arthur?

23 EQUINE MEDICAL DIRECTOR ARTHUR: Yeah.

24 Dr. Arthur, Equine Medical Director.

25 All I have to say is that this is a real simple

1 issue to solve. And what we're trying to do is get the
2 trainers to look behind the horses' legs, to find out
3 whether they're geldings or not, before they enter the
4 horse. And it's not that much to ask for and -- or to see
5 whether the horse is a gelding or what the sex is.

6 And really, what you're doing here is the
7 ultimate fine is having to explain to your owner why his
8 horse was scratched is because you didn't take care of
9 business. And that's what scratching a horse would mean.

10 CHAIR WINNER: I agree with that.

11 The point I think that Alan Balch was making --
12 or one of the points, which is a legitimate point, which
13 is if you don't scratch the horse, you've got an awful lot
14 of unhappy people. If you do scratch the horse, you have
15 an awful lot of unhappy people.

16 MR. BALCH: You got it.

17 CHAIR WINNER: And no matter how you go, you're
18 going to have people who will say that this was done for a
19 purpose -- an untoward purpose, which is Madeline --
20 Commissioner Auerbach's point, and it's a valid point
21 that, you know, there's so many question being raised. We
22 want to make sure that those people who are playing the
23 horses feel they're playing on a level playing field.
24 That's what we spend our lives doing, those of us who are
25 involved in this --

1 EQUINE MEDICAL DIRECTOR ARTHUR: I will say we
2 put a tremendous amount of effort into getting these down,
3 as far as we can --

4 CHAIR WINNER: Yeah. So it's down to --

5 EQUINE MEDICAL DIRECTOR ARTHUR: I don't know
6 how much more we can do.

7 CHAIR WINNER: Here -- I mean another
8 possibility -- and I don't know whether we can do this --
9 is to substantially increase the fine of a trainer who
10 enters a horse that's been gelded and doesn't warn the
11 racing office the horse has been gelded. If we
12 substantially increase the fine, that might be a better
13 deterrent to keep -- to get trainers to, as you said,
14 Dr. Arthur, to look between the legs.

15 COMMISSIONER CHOPER: Mr. Balch -- I'm sorry,
16 reaction to that.

17 FIRST VICE CHAIR KRIKORIAN: That is not
18 Mr. Balch.

19 MR. HAMMERLE: If I can, Rick Hammerle from
20 Santa Anita.

21 Jumping on Dr. Arthur's comments about the
22 trainers looking under the legs, we're also going to now
23 make it a rule for the vets who do the morning checks to
24 do that. I know it's kind of supposed to maybe gonna do
25 it. But we're going to have them -- that's going to be

1 part of their morning routine to get that done as a final,
2 final safeguard as well.

3 And then jumping on Alan's thing -- and I sit
4 back now and I think about the bettor and I think about
5 what we've done to protect them, and we do protect them.
6 And I think about this guy that's sitting there, this
7 happened to be the last race or it's a multiple bet, and
8 maybe this -- whatever horse he picks, he's singled it,
9 and he's handicapped all night, he doesn't care if the
10 horse is a gelding or anything. And all of a sudden, he's
11 looking at a nice payoff and it's like, "What do you mean
12 you scratched my horse?" And we throw this guy -- now
13 he's got the favorite who maybe he doesn't even like. So
14 now we're changing the bettor's whole deal.

15 I mean, I'm kind of thinking it akin to betting
16 a football game and having it rain at half time. It's
17 like, oh, wait a minute, I didn't know it was going to
18 rain. Nobody told me it was going to rain. You know, it
19 changed all the complexion of the game.

20 I want to bet that horse -- a lot of these
21 people that bet want to bet the horse. And the gelding
22 thing might have come into it, it might not have. But I
23 just think we need to think about that a little bit more
24 strongly than just assume that the guy either would or
25 wouldn't have bet the horse had he known ahead of time it

1 was a gelding. I just think that needs to be part of the
2 discussion as we go on and talk about the 45 days.

3 EQUINE MEDICAL DIRECTOR ARTHUR: I will say --

4 MR. MARTEN: Mike Marten of CHRB staff.

5 This discussion that we're having right now is
6 exactly why we went to HANA, because we didn't want to
7 guess at what the bettors felt. We asked them. They
8 asked a series of questions in their survey.

9 And one of those specifically said, hey,
10 remember, if there's a scratch, it could change the pace,
11 it could do this. We want you to seriously contemplate
12 your answer here, ramifications of a scratch.

13 And they considered all these issues, the ones
14 that had been raised by Rick and Alan, and it was like
15 80 percent said, yes, scratch the horse.

16 EXECUTIVE DIRECTOR BAEDEKER: Actually, it was
17 85 percent.

18 MR. MARTEN: I think it was 85, but then when
19 they said what about --

20 EXECUTIVE DIRECTOR BAEDEKER: No. It was 92
21 and --

22 MR. MARTEN: Okay. Okay. Yeah. Going
23 by memory -- so 85 percent. I sent that to you a short
24 while ago and said you have a fresher memory. Yeah.

25 So I don't think we have -- it's not a hundred

1 percent. So, yes, the objection that one guy might have
2 jackpot would be upset, yes, but the whole point of going
3 to HANA was just to find out where bettors stood.

4 CHAIR WINNER: How big was the survey?

5 MR. MARTEN: They got about 300 responses.

6 CHAIR WINNER: And it was a mail survey, or
7 email?

8 MR. MARTEN: Email survey. They got about 300
9 responses. Which in this day and age, you send out to
10 1500 people and get 300 responses, that's probably -- you
11 would know that that's probably not bad.

12 CHAIR WINNER: Scientifically it's really not a
13 representative sample.

14 MR. MARTEN: It's the only source we had --

15 CHAIR WINNER: I know. I know. But I think
16 it's important to take into consideration, in my view, it
17 doesn't necessarily reflect the whole.

18 MR. MARTEN: Okay.

19 EQUINE MEDICAL DIRECTOR ARTHUR: I just --

20 MR. MARTEN: What we --

21 CHAIR WINNER: No. I appreciate that. And I do
22 think it's something that has to be taken into
23 consideration. And the fact is, my recollection is it was
24 one of the issues that had the most, at least in that
25 survey, that where -- there was close unanimity. None of

1 the other issues were nearly as strongly telling.

2 EQUINE MEDICAL DIRECTOR ARTHUR: I would like to
3 say that we have instructed the examining veterinarians to
4 look and see whether the horse is the correct sex.

5 In this particular instance, this is unusual.
6 This horse was apparently castrated on a CHRB facility and
7 not reported by the veterinarian. It wasn't reported by
8 the owner or by the trainer. And it was missed by the
9 examining veterinarian, but it was a day when two
10 veterinarians had a hundred horses to examine. There's
11 always going to be those instances like that. And we're
12 never going to get down to zero. So you're just going to
13 have to accept the fact you're going to be scratching
14 horses if you want to do that.

15 CHAIR WINNER: Okay. Any other discussion on
16 this?

17 I mean, it's obviously a very complicated issue,
18 and I think that one of the reasons for setting it up for
19 45 days, if you choose to do that, is so that all these
20 issues can be considered during that 45-day period. And,
21 I mean, the option is to not pass it at all, and that's up
22 to you.

23 So is there a motion?

24 COMMISSIONER CHOPER: To send it out 45 days, is
25 that --

1 CHAIR WINNER: That's the motion, is to send it
2 out to 45 days.

3 COMMISSIONER CHOPER: Okay. I think the last
4 point you made, of course, if you don't know what to do,
5 delay. But that's fine. You have to delay anyway.

6 CHAIR WINNER: You have to -- by law, we have to
7 delay.

8 COMMISSIONER CHOPER: That's right. So that
9 solves that problem.

10 CHAIR WINNER: Is there a motion?

11 FIRST VICE CHAIR KRIKORIAN: I'll --

12 COMMISSIONER RUANO: I'll second.

13 CHAIR WINNER: Okay. Vice Chairman Krikorian
14 moves. Commissioner Ruano seconds.

15 Commissioner Solis?

16 COMMISSIONER SOLIS: Yes.

17 CHAIR WINNER: Commissioner Auerbach?

18 SECOND VICE CHAIR AUERBACH: Yes.

19 CHAIR WINNER: Chairman votes yes.

20 COMMISSIONER CHOPER: Yes.

21 MS. RUANO: Yes.

22 FIRST VICE CHAIR KRIKORIAN: Yes.

23 CHAIR WINNER: Passes unanimously. We're
24 sending it out for 45 days. Thank you very much.

25 Can't see.

1 Item No. 12: "Discussion and action by the
2 Board regarding a presentation from Northern California
3 Off Track Wagering, Inc. (NCOTWINC) describing the
4 responsibilities of the organization and the status of
5 development of mini-satellite wagering facilities in
6 Northern California.

7 You're on.

8 MR. WAYTE: Good morning. Bryan Wayte, General
9 Manager of Northern California Off-Track Wagering.

10 I have been asked by the Board to give a brief
11 overview of the organizational and operational aspects of
12 NCOTWINC, and then hand it off to the current director of
13 the Board of Directors, Larry Swartzlander, to talk about
14 the development of satellite wagering, mini-satellite
15 wagering facilities in Northern California.

16 NCOTWINC was formed under SP-17 -- SP-14 and
17 Business and Professions Code 19608.2, which provides for
18 the associations, fairs, horsemen to form an organization
19 to oversee and administer simulcast operations.

20 NCOTWINC was formed to oversee these operations
21 in Northern California.

22 The basic mission and oversight of NCOTWINC
23 relies on the oversight of audiovisual signals and
24 wagering data, pari-mutuel waiver equipment, totalizator
25 equipment, expenses, administration of satellite wagering

1 program and banking and accounting services.

2 Right now the current structure of NCOTWINC
3 includes the California Authority of Racing Fairs,
4 Golden Gate Fields, and the Thoroughbred Owners of
5 California.

6 The current Board of Directors, direct -- the
7 Chairman of the Board of Directors right now is
8 Larry Swartzlander from CARF, Calvin Rainey from
9 Golden Gate Fields, and Elizabeth Morey from the
10 Thoroughbred Owners of California.

11 The current management and operational staff
12 includes myself, Bryan Wayte as general manager,
13 (inaudible) pari-mutuel manager, and Carrie (inaudible),
14 our senior accountant.

15 In regard to the audiovisual signals and
16 wagering data, NCOTWINC has the responsibility to incur
17 the expenses involved with the satellite uplink,
18 encryption and transponder time required to transmit this
19 wagering product to the off-track locations, as well as
20 ensure the data for wagering and displays are in place for
21 the patrons.

22 The largest responsibilities for NCOTWINC fall
23 with pari-mutuel labor and equipment. NCOTWINC is
24 responsible for expenses and management of all the
25 pari-mutuel labor off-track. NCOTWINC is responsible for

1 negotiating and managing contracts involving pari-mutuel
2 labor and armored car service at the satellite locations.

3 Each Northern California satellite has a
4 pari-mutuel supervisor employed by NCOTWINC to manage the
5 day-to-day operations. NCOTWINC pari-mutuel supervisors
6 ensure the off-track locations are properly staffed with
7 tellers, manage and balance the wagering activity on a
8 daily basis, and resolve pari-mutuel questions or
9 complaints from customers.

10 NCOTWINC also provides and maintains all the
11 equipment necessary for pari-mutuel operations of the
12 Northern California Off-Track Wagering, and NCOTWINC
13 provides pari-mutuel statistical reports and analysis of
14 off-track wagering locations and add-on reports from the
15 Board, as directed.

16 In regard to the totalizator equipment, they
17 have expenses. NCOTWINC is responsible for the expense
18 and oversight of all the totalizator operations, of the
19 off-track satellite locations, is responsible for
20 negotiating and managing contracts involving totalizator
21 services in the off-track locations, and serving as a
22 liaison between the satellite locations and the tote
23 companies.

24 NCOTWINC supervisors make sure that the
25 totalizator company provides and properly maintains the

1 required number of wagering terminals in the off-track
2 locations.

3 And in October 2015, NCOTWINC prepared for and
4 oversaw the conversion of the totalizator services to 13
5 off-track locations in Northern California and
6 racetracks of Northern California for the (inaudible)
7 appointment.

8 In regard to the administration of satellite
9 wagering program, NCOTWINC is responsible for coordinating
10 and disseminating information regarding the satellite
11 wagering program available on each live and simulcast day.

12 NCOTWINC is responsible for the expenses
13 incurred in the administration and oversight of the
14 off-track program. It is responsible for coordinating
15 with the supervisors of the off-track facilities to
16 provide this information to customers, and responsible for
17 the maintenance of insurance contracts related to the
18 programs.

19 NCOTWINC also provides the banking and
20 accounting services necessary to conduct pari-mutuel
21 wagering at off-track locations. It coordinates the
22 collection of accounts, that accounts for all deposits
23 made in off-track locations related to pari-mutuel
24 wagering. It coordinates and transfers the wagering
25 revenue to host tracks from the off-track locations, and

1 provides accounting reports and analysis of expense and
2 revenue derived from these. And it also provides reports
3 and analysis of the expense and revenue for the Northern
4 California Vanning and Stabling Committee.

5 In regard to the new satellite expansion,
6 NCOTWINC is responsible for prospecting potential
7 locations of mini-satellites, meeting with potential
8 mini-satellite operators, performing site surveys of
9 potential mini-satellite locations, providing requirements
10 and information relating to the satellites' potential
11 operators, providing revenue projections for potential
12 mini-satellite locations, and assisting the NCOTWINC
13 Board, as directed, in assessing potential mini-satellite
14 locations.

15 And that is a basic overview -- very brief
16 overview of the responsibilities of the organization.

17 And Larry was going to speak as to the
18 mini-satellite development, and then we can obviously take
19 any questions.

20 CHAIR WINNER: Let me just make a point before
21 we do that. I think the Board notes that there's an
22 action on this item. I don't believe there is any action
23 on this item.

24 SECOND VICE CHAIR AUERBACH: No.

25 CHAIR WINNER: This is for discussion purposes

1 only, for the Board's purpose. There is no action we have
2 to take.

3 Larry.

4 MR. SWARTZLANDER: Larry Swartzlander, current
5 chairman of the NCOTWINC committee.

6 In the north, we've lost two or three
7 satellites, going to brick and mortar over the last 10, 15
8 years. And we've got a void up there that we need to take
9 care of.

10 Mini-satellite development in the south has been
11 very successful. We've been monitoring it, and we hope to
12 piggyback on how they've done it and the success of
13 getting there.

14 Currently, we have eight particular sites in the
15 north that we're looking at at some stage right now
16 putting in a mini-satellite.

17 The Humboldt County Fair is probably the
18 farthest one along. We're looking at the Indian Casino in
19 that location. We're looking at Fresno and Tulare. We
20 have -- we're looking at a card club. Sacramento is
21 looking at a sports venue downtown: Vallejo, Pleasanton,
22 Stockton and my home town, Modesto. So we have eight
23 ongoing mini-satellite developments.

24 Hand in hand with this is -- in the north is --
25 let's talk staffing, you know. CARF has a total of five

1 full-time employees. We simply haven't had personnel to
2 push this. We are going to push it. We'll start with
3 Richard Scheidt, former TOC rep in the north. It's one of
4 his primary responsibilities.

5 And also, we're looking at partnering with
6 personnel from the south who have experience in this. We
7 want to push forward on this. Probably a year from now,
8 next year I hope to have eight new mini-satellites in the
9 north.

10 Other things that we'd like to look at too is --
11 in the satellite development, you know, we have brick and
12 mortar, call them mini-satellites, some call them
13 off-track betting ADWs.

14 There comes a point where ADW now, the
15 technology, when do we start to make a transition to -- I
16 think you used the term "unmanned sites." It's -- that
17 you have every 7-Eleven in California has -- you walk in,
18 you can buy a lottery ticket.

19 We need to move down that line also.

20 But, you know, you're paying the labor side of
21 the pool. We have mini-satellites demand. The
22 demographics where we haven't -- we haven't penetrated, in
23 the suburbs of Sacramento, San Francisco. And I know the
24 20-mile radius has been something that's been a heartburn
25 for many people.

1 You know, CARF's position is simply this on the
2 20-mile radius: We want to put in a mini-satellite, but
3 we don't want to hurt the brick-and-mortar facility there.
4 And I think we're reasonable about it.

5 I talked to Mr. Baedeker the other day about,
6 you know, this particular topic that, you know, it's
7 something that we -- Mr. Baedeker, about a year ago or --
8 I guess -- I won't say modifying, but at least being more
9 reasonable about the rule and how to perform and how to go
10 through the procedures to get a mini-satellite, what
11 approvals are necessary. And that's all open. And I
12 don't see that as a deterrent.

13 We want to expand our product. We need to get
14 more minis out there and, you know, duplicate the success
15 we're having in the south. That's it in a nutshell.

16 SECOND VICE CHAIR AUERBACH: I want to remind
17 the Board why we're doing this.

18 FIRST VICE CHAIR KRIKORIAN: Yeah. Why?

19 SECOND VICE CHAIR AUERBACH: Because we --
20 remember, we are trying to educate the Board as to what
21 these groups do. We have new Board members who don't ever
22 get the opportunity to find out what they do, how they
23 function.

24 One of the questions I'd like to ask them to
25 explain, because I know from new Board members, this will

1 resonate, where their funding comes from? Their funding
2 is public funding. We need to make sure that we know what
3 they're doing, how they're doing it, and that our new
4 Board members have an opportunity to understand how it
5 works.

6 So how do you get your funding, Larry? I know
7 the answer, but I want you to you tell --

8 MR. SWARTZLANDER: Well, we all know the brick
9 and mortar, you get 2 percent. So if you put in a
10 mini-satellite, you get 2 percent.

11 We also have a law where you can have an
12 additional 1 percent.

13 So now we're looking at if we develop a new
14 mini-satellite, we can now offer 3 percent total, and
15 that's -- then the agreement has to be made between --

16 SECOND VICE CHAIR AUERBACH: How does NCOTWINC
17 get its funding?

18 MR. SWARTZLANDER: How do we get involved in the
19 funding?

20 SECOND VICE CHAIR AUERBACH: No. How do you get
21 your funding? How do you --

22 MR. SWARTZLANDER: Bryan.

23 MR. WAYTE: NCOTWINC has a distribution for all
24 brick-and-mortar handles that comes through. It's two and
25 a half percent for thoroughbred race meets in

1 Northern California and it's six percent for fair race
 2 meets. For that we also augment the two and a half
 3 percent from the brick and mortar, with a 2.9 percent
 4 distribution that the Board approves on a yearly basis.
 5 So that's the money that pays for all of the pari-mutuel
 6 labor, the audiovisual equipment.

7 SECOND VICE CHAIR AUERBACH: The point is that
 8 your funding comes directly out of the handle.

9 MR. WAYTE: It does.

10 SECOND VICE CHAIR AUERBACH: So as the handle
 11 grows or shrinks, that affects what you do, and your
 12 responsibility and the power that you have is to try to
 13 create new funding for the handle. It's this kind of a
 14 unit.

15 And I think -- you know, I don't think people
 16 are always aware of it, which is why I wanted you to have
 17 an opportunity to tell them that.

18 How many employees do you have working on this
 19 on a regular basis?

20 MR. WAYTE: Are you talking about the employees
 21 within the pari-mutuel department or are you talking --

22 SECOND VICE CHAIR AUERBACH: NCOTWINC. How many
 23 paid employees does NCOTWINC have?

24 MR. WAYTE: We are about 250 paid employees
 25 overall when we hit our peak points. That's --

1 SECOND VICE CHAIR AUERBACH: I'm just talking
2 about the staff.

3 MR. WAYTE: The staffing people, we have the
4 three people, myself, the general manager, the pari-mutuel
5 manager, Doug, and we have an accountant -- a senior
6 accountant, Carrie (inaudible) and we have -- and she has
7 an assistant accountant.

8 As far as our management staff, that's what we
9 have involved with NCOTWINC and the Board of Directors.

10 The rest of the employees are the supervisors
11 that are at the satellite wagering facilities and all of
12 the pari-mutuel tellers support those satellite wagering
13 facilities.

14 SECOND VICE CHAIR AUERBACH: So with most of
15 your employees being tied up with clerical functions and
16 scheduling and accounting and matters of that, how do you
17 have the opportunity or how do you promote actually trying
18 to get more locations for the mini-satellites? That would
19 be the next logical question.

20 MR. WAYTE: Sure. And what has developed most
21 recently, as Larry pointed out, the California Authority
22 of Racing Fairs has put Richard Scheidt, as one of the
23 people that I'm working directly with, to promote the
24 expansion of these mini-satellites throughout the Northern
25 California wagering theme.

1 I have done numerous site surveys throughout
2 Northern California. I've met with many different
3 potential operators in Northern California. And it's --
4 in addition to all of my other duties, that is one of the
5 things that I -- and the Board has directed me now with
6 this new direction, to increase my efforts in that matter
7 with Richard Scheidt.

8 And as I can say, we've made numerous -- in the
9 last six months is the most optimistic I've felt about,
10 you know, actually putting some new places in place up in
11 Northern California with the contacts we've made and with
12 the potential of some of these locations.

13 It is, as noted -- as Larry noted, it is
14 difficult with the radius, you know, going down the
15 Bay Area.

16 SECOND VICE CHAIR AUERBACH: Right.

17 MR. WAYTE: You're generally in through the main
18 corridor where you have the population centers from
19 Santa Rosa to San Jose. You're generally dealing with one
20 to two, sometimes three different locations that have --
21 that intersect with the radius of potential expansion.

22 SECOND VICE CHAIR AUERBACH: You know, I notice
23 that SCOTWINC has been very proactive and has some sites
24 now that they're really generating some income. And I
25 think that -- I don't know if you work with George or not,

1 and I don't know how any of that works but -- and I don't
2 know what -- I don't know what parameters they use to
3 establish it.

4 But I do know that we're all looking for money.
5 So it's a potential source to maybe find more exposure to
6 the product in these mini-satellites, which seem to be the
7 way to go. It will be nice to hear that you have three or
8 four of them on the drawing boards and looking for
9 approval and all that.

10 And I'm just -- it's part of the reason why it's
11 good to hear you guys come and tell us what you're
12 actually doing.

13 MR. WAYTE: Absolutely. And I can tell you that
14 I've known George for many years. We've both --
15 pari-mutuel managers and I have been working -- he's
16 actually helped with some of the people that have been
17 helping him develop satellites in Southern California.
18 He's referred me to them. And I've had meetings with
19 them. They're very interested in coming up north and
20 expanding their involvement in building mini-satellites up
21 here.

22 So I have to thank George for sharing those
23 people with us and allowing us to bring them to
24 Northern California to help us potentially develop some
25 more --

1 SECOND VICE CHAIR AUERBACH: So do we have any
2 potential in the next few months that we'll hear from you,
3 presenting us a couple of locations?

4 MR. WAYTE: I would hope that, yeah, if we can
5 come back to the Board here, in a few months from now,
6 that we actually have some locations that we could bring
7 to you. That's --

8 CHAIR WINNER: Eight of them, right?

9 MR. WAYTE: We're working on them now.

10 SECOND VICE CHAIR AUERBACH: That would be
11 great.

12 MR. SWARTZLANDER: And to add on to your
13 question, Commissioner, when I came into CARF, 21 years
14 now, but SCOTWINC -- you know, first thing I said, what's
15 a SCOTWINC, what's a NCOTWINC, what do they do?

16 And always in the south, there was always
17 somebody in charge, in place, and Mr. Baedeker become that
18 person, (inaudible) is that person now. And I know --

19 SECOND VICE CHAIR AUERBACH: He wasn't very good
20 at it. That's why we had to put him over --

21 CHAIR WINNER: Yeah. We had to give him another
22 job.

23 SECOND VICE CHAIR AUERBACH: That's why we moved
24 him over.

25 MR. SWARTZLANDER: And, you know, we never had

1 that person in the north. Brian's, what, three years now?

2 MR. WAYTE: Yeah. At first I was -- I ran the
3 pari-mutuel operations for all the Northern California
4 racing fairs and Golden Gate Fields, and I was approached
5 to become the general manager of NCOTWINC because no one
6 had ever done that. For the first couple --

7 SECOND VICE CHAIR AUERBACH: No one wanted the
8 job.

9 MR. WAYTE: And so the first few years I was
10 actually running all the pari-mutuel operations and also
11 serving as the general manager. And it became apparent
12 that it would be better for me to pass off the pari-mutuel
13 operations because it is a very -- it's a full-time job.
14 And if I was going to perform a full-time job for -- as a
15 general manager, it seemed that being a pari-mutuel
16 manager was not a good way to do that. So in 2015, the
17 end of 2015, I actually handed off all of the pari-mutuel
18 operations and am now focusing on doing -- these things
19 that -- there's been a void for --

20 MR. SWARTZLANDER: And on the CARF side, I was
21 the chief operating officer. Now I'm the executive
22 director. But that was one of my additional duties,
23 executive director of racing. I simply had no time for
24 mini-satellite development.

25 And now we have -- I've moved up and hired

1 Richard Scheidt, and his primary responsibility is
2 simulcast development, mini-satellite development, and
3 legislation.

4 And this is a void that we've had in CARF, and
5 we're going to move forward. Like you said, next year
6 we're sitting here and so we've got eight new minis in the
7 north and working on others.

8 SECOND VICE CHAIR AUERBACH: Well, and I know
9 Elizabeth is sitting at the table so I'm sure that is a
10 really good resource for you, and I would expect to see
11 her be able to help you with your mission so...

12 MR. RAINEY: Cal Rainey for NCOTWINC and Golden
13 Gate Fields.

14 I just wanted to say that Golden Gate Fields has
15 worked very hard on this project in the past with
16 Bryan and with the CARF.

17 However, Larry's predecessor was not amenable to
18 any agreement to let the radius be reduced without
19 increasing all the fairs, and we never negotiated an
20 agreement with CARF on that. It seems like Larry is more
21 amenable to change in the radius and also developing some
22 new mini-satellites without blocking the efforts of --

23 SECOND VICE CHAIR AUERBACH: Great.

24 MR. RAINEY: -- Northern California.

25 FIRST VICE CHAIR KRIKORIAN: Can you be specific

1 on what you're proposing to new satellite operators?

2 MR. SWARTZLANDER: You mean my statement about
3 non-manned?

4 SECOND VICE CHAIR AUERBACH: Just --

5 FIRST VICE CHAIR KRIKORIAN: No. I assume
6 you're talking about -- you said mini-satellites, that
7 there would be manned facilities right now.

8 MR. SWARTZLANDER: You know --

9 FIRST VICE CHAIR KRIKORIAN: You said you're
10 looking at about seven or eight locations.

11 MR. SWARTZLANDER: We're looking at demographic
12 areas that are just undertapped and need to have tellers
13 there.

14 But the other side of it, too, is you've got
15 other areas where you could simply go and put in machines
16 and -- you know, and revenue sharing is another side of
17 it, too.

18 You know, I spent many years in Arizona. The
19 (inaudible) system in Arizona, every facility, whether a
20 sports bar, restaurant, et cetera, there is no revenue
21 shared. They're just happy to have additional product
22 there. People come in and wager on the horses.

23 But in the case of California, you know, we have
24 to have some type of revenue sharing with whatever
25 facility is going to operate it. You know, the fair that

1 may be within the 20 miles, et cetera, so --

2 FIRST VICE CHAIR KRIKORIAN: I understand the
3 concept of having machines, okay, but you're talking about
4 five minutes to run mini-satellites and you might have
5 seven or eight locations that you're working seriously on
6 right now. You expect momentarily you're going to have
7 some transactions to those material items; correct?

8 MR. SWARTZLANDER: Correct. Yes.

9 FIRST VICE CHAIR KRIKORIAN: Okay. So what are
10 you offering those locations in terms of percentages to
11 entice them to come onboard?

12 MR. SWARTZLANDER: Well --

13 FIRST VICE CHAIR KRIKORIAN: Because you hadn't
14 'til now been offering anything in the last -- as long as
15 I've been on this board, it's been more than four years
16 now, you haven't offered anything. When I say "you," I'm
17 talking about your organization.

18 MR. SWARTZLANDER: Well, I go back to the -- I
19 mentioned the 3 percent; 2 percent plus an additional
20 1 percent. That 3 percent is up to whatever agreement we
21 can reach between the management of the facility that
22 wants to take on the mini-satellite, the card club,
23 restaurant, sports bar. And if there is a fair involved
24 or an association, Santa Anita, Golden Gate, do they want
25 a portion of that because they're in the 20-mile radius?

1 If they're outside the 20-mile radius, is that a point of
2 discussion or not?

3 That's all negotiable.

4 And as far as -- someone has to pay for the
5 building of the facility. And do you know, we pay for
6 that? Comes out of this additional 1 percent? And then
7 after, you know, five year, ten years, when it's finally
8 paid off, then the 3 percent is re-negotiated in some
9 other fashion.

10 But it's whatever, you know, we can work out
11 that's -- I can't say satisfies everyone, but if you want
12 to have a facility in an area that we simply are not
13 paying --

14 FIRST VICE CHAIR KRIKORIAN: Some of these
15 facilities you're talking about specifically, are they
16 within 20 miles, 10 miles, 5 miles --

17 MR. SWARTZLANDER: Yes.

18 FIRST VICE CHAIR KRIKORIAN: What is it?

19 MR. SWARTZLANDER: I want to say probably the
20 only ones not within is Modesto, and of course Humboldt
21 County Fair obviously --

22 FIRST VICE CHAIR KRIKORIAN: I'm asking you
23 questions because --

24 MR. SWARTZLANDER: Say again?

25 FIRST VICE CHAIR KRIKORIAN: NCOTWINC, how

1 long --

2 MR. SWARTZLANDER: Twenty-one years I've been
3 there.

4 FIRST VICE CHAIR KRIKORIAN: Yeah. Twenty-one
5 years and you're talking about --

6 MR. SWARTZLANDER: Last 10 years in the north,
7 (inaudible) and Salinas, and Salinas is closed.

8 FIRST VICE CHAIR KRIKORIAN: Right. So that's
9 not a real good track record. Would you agree?

10 MR. SWARTZLANDER: I agree.

11 FIRST VICE CHAIR KRIKORIAN: I think that the
12 idea of expanding the mini-satellites is a very good one.
13 I would like to see some effort, some serious effort.

14 You've got all these people working, you've
15 got -- have somebody in charge of going out and putting
16 these deals together. Hasn't happened yet and it's not
17 going to happen with 2 percent. It's not going to happen,
18 which has been the position of the organization all this
19 time, trying to entice other, you know, people to come in
20 mini-satellite facilities.

21 MR. SWARTZLANDER: As I said, Commissioner, this
22 is all negotiable. We have no firm stand of what has to
23 be done.

24 FIRST VICE CHAIR KRIKORIAN: But as you sit here
25 today, talking about what you're going to do and how much,

1 I'm hoping it really works because it's going to help
2 everything.

3 MR. SWARTZLANDER: If I sat here a year ago, I
4 would have said zero.

5 SECOND VICE CHAIR AUERBACH: All right. You're
6 under the gun now.

7 Right, George?

8 FIRST VICE CHAIR KRIKORIAN: Well, they've been
9 under the gun all this time.

10 SECOND VICE CHAIR AUERBACH: Yeah. But now
11 we --

12 CHAIR WINNER: It's a bigger gun.

13 SECOND VICE CHAIR AUERBACH: We are going to put
14 bullets in the gun.

15 EXECUTIVE DIRECTOR BAEDEKER: But, you know, we
16 have 45 of these in the state. I think what do we have
17 now, 11 or something? Those 11 make up 20 percent of all
18 the simulcasting in the state.

19 This facility, one of the biggest, did 1.7
20 million last month. Sammy's did 1.5 million last month.
21 Sammy's is the model. Not that it can be easily
22 replicated. But what Commissioner Krikorian is talking
23 about and what we've been talking about is meeting
24 finally -- I think frankly gave up on that suggestion that
25 we made more than a year ago apparently fell on deaf ears.

1 Nothing was done with it.

2 But a dedicated effort -- and I admire you guys.
3 I mean, you're doing this, you know, in addition to your
4 day jobs. You know, this is an add-on to what you have to
5 do, and you still accomplished what you described here
6 today.

7 Where are the associations? I know that you
8 represent Stronach here, Cal. But as part of NCOTWINC,
9 they're the big winners on this, the associations and the
10 horsemen.

11 If they look at the numbers, I don't know how
12 they can't set aside a budget for a dedicated effort that
13 would include, as we discussed the other day, discuss and
14 include an attorney that specializes in zoning laws and
15 can talk one-on-one with City attorneys. And as we've
16 learned from our experience, that's where you gotta start
17 with some of the things. The City doesn't slam the door
18 on you.

19 But it takes a dedicated effort and it doesn't
20 take -- I've been in the position that you guys are in.
21 You're going to be in the position of being a salesperson,
22 you know. You're going in to sell. Well, frankly, the
23 cities don't want to buy. So instead -- my point is you
24 gotta do it the right way.

25 In my opinion, the industry needs to dedicate

1 funds for this, needs to dedicate resources and personnel
2 that can focus on this. You can imagine, if we were maxed
3 out at our 4,5, what a difference that would make to purse
4 monies.

5 And I'll take an opportunity to compliment
6 John's people here because Sammy's, one of the reasons
7 it's so successful is that in each of these places, the
8 mutual clerk has really had to be the customer service
9 representative. A lot of people coming in with questions
10 that they need answers to.

11 And I tell you, really impressive. And I know
12 that Randy Hartzell at Santa Anita and whoever is
13 assigning the clerks, I know great care is taken to find
14 the clerks that can fit that bill, and it's working. The
15 results are impressive.

16 And so I just wish -- they're not here. Tim
17 (inaudible), I was hoping to shame him into it before he
18 left. But I did have a conversation with Tim a month ago.
19 He's had experience with this in Maryland. He's a hundred
20 percent supportive.

21 So -- and I hope that you're including Stronach
22 and the management there in all of these conversations,
23 and I'm hoping that maybe the addition of Tim might bring
24 more focus on how we can expand this, capitalize on this
25 opportunity that's -- I know you all appreciate it.

1 Please don't take me the wrong way. But you deserve more
2 help than you've gotten.

3 CHAIR WINNER: All right. I think, John --
4 John, where are you? You wanted to speak on this?

5 MR. VALENZUELA: John Valenzuela, Local 280,
6 PMEG, and president.

7 The reason -- the only thing I wanted to
8 comment, you know, I am all open for satellite wagering,
9 expansion, the whole nine yards. It provide us jobs.

10 The one thing that I would have to oppose is
11 having locations that are manless, as stated about
12 Arizona.

13 State of California, SP-14 -- and I don't know
14 the whole rule but basically SP-14 would have brought in
15 satellite wagering, stated that it had to be manned by the
16 historical union.

17 So I just wanted to bring it to your attention
18 of the idea of having manless locations, we would have to
19 oppose.

20 CHAIR WINNER: Thank you.

21 MR. VALENZUELA: Thank you.

22 CHAIR WINNER: All right. Any other discussion?
23 Thank you, ladies and gentlemen.

24 MR. SWARTZLANDER: Thank you.

25 CHAIR WINNER: Is there a motion to adjourn?

1 Vice Chair Krikorian moves.

2 Commissioner Choper seconds.

3 All in favor.

4 "Aye."

5 Thank you all for attending. See you next
6 month.

7 (At 12:22 p.m., the proceedings were
8 concluded.)

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1 STATE OF CALIFORNIA)
) ss.
2 COUNTY OF LOS ANGELES)

3 I, ANN BONNETTE, C.S.R. No. 6108, do hereby
4 certify:

5 That the foregoing meeting of the California Horse
6 Racing Board was taken before me at the time and place
7 therein set forth and was taken down by me in shorthand
8 and transcribed into computer-generated text under my
9 direction and supervision; and I hereby certify the
10 foregoing transcript of my shorthand notes so taken.

11 I further certify that I am neither counsel for nor
12 related to any party to said meeting nor in any way
13 interested in the outcome thereof.

14 IN WITNESS WHEREOF, I have hereunto subscribed my
15 name this 2nd day of August, 2017.

16

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ANN BONNETTE, CSR NO. 6108

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<u>WORD INDEX</u>	19610.3 4:20 55:18 19610.4 4:20 55:18 1980s 56:25 1987 57:20 65:15 < 2 > 2 4:7 125:9, 10 134:19 136:17 2,000 24:9 47:22 2,050 16:3 2,4-D 40:1, 18, 23, 24 41:5, 21 2.41 18:9 2.9 126:3 20 1:15 5:14 10:3, 9 59:8 106:22 134:1 135:16 137:17 2001 68:24 2003 89:3, 10 91:15 92:17 2004 44:11 2010 92:17 2013 44:6 2014 43:3 2015 120:3 131:16, 17 2016 71:9 73:5 2017 1:15 4:5 5:5, 6, 14, 15, 21, 22 6:9, 9 10:3, 9 37:15 68:24 78:17, 17 142:15 2018 64:17 20-mile 123:24 124:2 134:25 135:1 20th 68:24 21 130:13 22 4:5 2216 10:10 2260 1:11 22nd 12:8, 10 24 4:9 25 26:17 101:8 250 126:24 26 5:6 26th 53:17 97:19 27 5:21 89:13 106:18 280 3:12 74:18, 20 87:10 140:5 29th 53:25, 25 2nd 142:15 < 3 > 3 4:9, 12 5:14 125:14 134:19, 20 135:8 3,000 43:4 3.29 18:12 3.7 18:10 30 24:19 47:15 53:17, 18 81:5 300 66:14 114:5, 8, 10 30-plus 26:17 30s 40:5 31 5:22 33 58:8 37 58:14 38 89:13 3rd 68:24 < 4 > 4 4:15 6:8 16:18 55:14 78:16 4.5 139:3 40 46:19 58:14 400 44:9 44 75:2, 2 45 24:19 90:14, 17 93:9, 10 95:24 109:21 113:2 115:19, 24 116:2, 24 137:16 45-day 90:10 109:20 115:20 48.2 58:7 49.6 58:9 < 5 > 5 4:22 12:5 75:13 76:10 79:13 135:16 50 43:20 500 69:23 55 4:15 5th 81:16 < 6 > 6 5:5, 8 68:19 70:9 75:13 101:8 106:6 6.5 70:9 6.9 70:8 60 6:25 47:12 88:6 91:1, 11, 12, 13 92:24 95:11 97:11 60-day 88:24 95:11 97:2 6108 1:25 142:3, 18 63.8 58:8 65 24:5 44:3 68 5:8 < 7 > 7 5:17 12:5 700,000 61:4 68:10 78 6:5 7-Eleven 123:17 7th 24:2 < 8 > 8 6:5 58:12 70:10 73:5 78:13 8:30 56:5, 9 80 36:2 37:14 47:13 113:15 82 6:11 85 113:17, 18, 23 88 6:19 8th 83:16 < 9 > 9 6:11 82:14 100:9 9:39 1:16 10:2 92 113:20 939,000 79:5 < A > A.M 1:16 10:2 AB 59:21 abide 99:4 ability 15:17 41:10 44:17 65:24 able 16:14 35:21 36:18 37:13 40:8 48:13 50:6 55:5 59:17, 23 70:23 71:4, 5, 7, 25 72:2 74:20, 22 75:7 79:24 81:1 95:13 96:2 132:11 absent 84:23 absolutely 33:17 46:16 47:16 52:19 62:19 90:2 129:13 abstain 12:20 academically 49:25 accept 49:3 100:15 115:13 access 14:24 accommodate 85:9, 21 accompanied 69:10 78:20 accomplish 22:14 accomplished 20:4 22:15 138:5 accomplishment 73:6 account 64:2 accountant 118:14 127:5, 6, 7 accounting 118:1 120:20 121:1 127:16 accounts 120:22, 22 accredited 43:3 accustomed 19:23 acid 39:24 40:12 41:21 acres 66:14 act 38:19 39:6 ACTION 4:3, 22 5:3, 8, 17 6:3, 5, 11, 19 7:3, 8, 17 8:3 9:3 68:20 78:14 82:14 88:2 96:23 100:24 104:3 117:1 121:22, 22 122:1 actions 4:10 activated 45:14 47:1 active 43:19 activities 109:7, 7 activity 62:20 119:7 add 20:23 45:13 80:23 84:14 97:6 101:20 108:12 130:12 added 39:22, 24, 25 40:1, 13, 18 79:18 adding 33:9 addition 15:21 71:3, 17 128:4 138:3 139:23 additional 15:4, 10 18:4, 7, 17 32:13, 14 60:3 125:12 131:22 133:21 134:19 135:6 Additions 12:11 add-on 119:14 138:4 address 109:1 addressed 38:11 60:5 93:1 addressing 4:11 102:13 107:11 adjacent 61:2 adjourn 140:25 Adjudications, 9:8 administer 117:19 administration 46:12 117:25 120:8, 13
--------------------------	---

<p>administrative 8:8, 25 9:8</p> <p>admire 138:2</p> <p>admitted 43:16 46:1</p> <p>adopt 96:15</p> <p>Advance 4:17 6:13 17:5, 7 36:18 55:15</p> <p>advanced 82:15</p> <p>advantage 25:7</p> <p>advantages 98:22 99:1</p> <p>advertising 71:2, 6, 23</p> <p>advice 8:6, 15, 24</p> <p>advise 102:3</p> <p>advising 33:8</p> <p>advisor 33:9</p> <p>advocacy 51:4</p> <p>advocate 50:1</p> <p>ADW 4:17 6:13 34:25 35:19 62:9 63:20 64:13, 19 65:6 66:11 71:24 83:2, 13 84:24 85:1 123:14</p> <p>ADWs 64:15 84:20 86:13, 24 123:13</p> <p>affect 40:11 103:23</p> <p>afford 17:15</p> <p>afternoon 22:20</p> <p>age 114:9</p> <p>agencies 43:7</p> <p>Agency 24:3 90:14</p> <p>agenda 8:18 9:7 10:21, 23 11:5, 8, 11 83:20 88:23 90:22 94:18 100:7</p> <p>agent 29:3 40:1, 7, 19, 20, 22</p> <p>ago 16:3 17:20 48:4 74:14 101:6, 12 105:23 113:24 124:7 137:3, 25 139:18</p> <p>agree 20:25 84:25 97:7 105:19 110:10 136:9, 10</p> <p>agreement 57:3 64:15, 16 85:12 125:15 132:18, 20 134:20</p> <p>ahead 19:12 22:25 55:13 86:3, 10 90:24 112:25</p>	<p>air 39:23</p> <p>akin 112:15</p> <p>Alameda 3:21 70:11, 17 80:15, 22</p> <p>Alamitos 4:25</p> <p>Alan 3:13 92:5, 7 102:9, 10 103:3 109:11 110:11 113:14</p> <p>Alan's 112:3</p> <p>Alemanys 3:18 35:9, 9 38:21 39:2, 8, 15</p> <p>Alex 2:8 10:15 19:11 54:17</p> <p>alfalfa 41:4</p> <p>allergies 47:6 53:1</p> <p>allergy 42:21</p> <p>allocation 16:3</p> <p>allow 89:14</p> <p>allowable 43:8</p> <p>allowed 37:9 44:5 57:14, 15, 16, 17 100:18</p> <p>allowing 80:8 108:14 129:23</p> <p>all-time 24:22</p> <p>Altering 7:10 100:25</p> <p>alternate 33:23</p> <p>altogether 18:11</p> <p>amenable 132:17, 21</p> <p>amended 83:4</p> <p>amendment 6:20 7:9 88:3 100:25 101:20</p> <p>America 3:6 29:15 36:19 42:10, 16 47:12 82:21 83:19</p> <p>amount 44:24 58:17 111:2</p> <p>amounts 43:8</p> <p>analysis 43:17 89:18 92:9, 9 119:13 121:1, 3</p> <p>Analyst 2:16</p> <p>analyze 50:13</p> <p>anemia 41:12</p> <p>Angel 3:21 69:11, 15 70:14, 16</p> <p>Angeles 4:24 5:19 142:2</p> <p>animal 43:11, 16 46:2</p> <p>animals 22:19, 19 43:25 45:11 47:5</p> <p>Anita 3:14, 24 5:20 16:13, 17</p>	<p>32:6 57:7, 8, 12 58:4, 6, 7 59:3 60:13, 15 61:3 62:13 65:13 67:8 88:17 92:20 93:24 94:22, 24 97:20 98:9, 15 101:7 103:24 104:17 111:20 134:24 139:12</p> <p>Anita, 103:25</p> <p>ANN 1:25 142:3, 18</p> <p>announce 12:4 105:22 107:6</p> <p>announced 81:18 101:9</p> <p>announcements 102:4</p> <p>annual 53:20, 24 61:4 70:18</p> <p>answer 25:6 31:3 32:11 51:1 63:17 64:4, 9 113:12 125:7</p> <p>answered 87:7</p> <p>answers 139:10</p> <p>anticipated 61:14, 15 102:16</p> <p>anti-money 36:23</p> <p>antiquated 61:13</p> <p>Antonioni 44:18</p> <p>anybody 64:4</p> <p>anyway 66:11 73:1, 21 75:4 116:5</p> <p>apologize 87:8</p> <p>apologizing 56:8</p> <p>apparent 131:11</p> <p>apparently 115:6 137:25</p> <p>appeal 102:14 104:21 106:13</p> <p>appear 13:9</p> <p>APPEARANCES 2:1 3:1</p> <p>appeared 22:13</p> <p>appearing 10:21, 22</p> <p>applicable 94:8</p> <p>Application 4:23 5:9, 18 6:6, 12 40:10 68:20 75:19, 24 76:1 78:15 82:15, 23 83:3, 18 84:24 91:10 93:18, 19 97:15</p> <p>applies 67:9, 20, 21 76:14</p>	<p>apply 28:14 67:9 76:17</p> <p>appointment 120:7</p> <p>appreciate 24:17 35:6 49:10 51:6, 7 52:22, 22 55:9 80:13 95:21 114:21 139:25</p> <p>appreciates 74:12</p> <p>appreciative 21:15, 20, 21</p> <p>approach 29:13 55:22</p> <p>approached 26:20 131:4</p> <p>approaching 58:14</p> <p>appropriate 48:19 57:2 59:15 68:11 93:21 96:13, 15</p> <p>Approval 4:5 6:12 12:7 26:6 27:25 28:2 77:14 82:15 85:6, 10, 14, 18 86:10 129:9</p> <p>approvals 27:1 124:11</p> <p>approve 12:12, 13 33:11 76:1 77:11 84:22 86:8, 23 95:12</p> <p>approved 26:7 46:7</p> <p>approves 32:18 93:17 126:4</p> <p>approximately 79:5</p> <p>April 98:2, 12</p> <p>Araceli 2:7 10:15 12:13 13:1</p> <p>ARC 75:14 76:14, 17</p> <p>Arcadia 3:9, 10, 19 56:14 57:7, 9 58:13 59:3, 22 60:17 67:9, 13</p> <p>Arcadia's 4:16 55:15</p> <p>area 80:12, 25 81:1, 2, 6 128:15 135:12</p> <p>areas 133:12, 15</p> <p>Arizona 55:4 133:18, 19 140:12</p> <p>armored 119:2</p> <p>arrows 19:22</p> <p>Arthur 2:15 15:8 21:2, 18 42:5, 14 47:19 48:2, 2 49:11, 22 51:13, 19, 22 52:1 107:23 108:1</p>	<p>109:22, 23, 24 111:1, 5, 14 113:3 114:19 115:2</p> <p>Arthur's 111:21</p> <p>Arturo 3:18 35:9</p> <p>aside 138:12</p> <p>asked 12:2 113:7, 8 117:10</p> <p>asking 38:1 46:22 56:17 59:1, 11 60:21 61:18, 19 62:3 65:11 66:7, 23 68:6, 8 77:1, 5 83:3 135:22</p> <p>aspect 89:10</p> <p>aspects 117:11</p> <p>Assembly 59:21, 25</p> <p>assessing 46:4 121:13</p> <p>assessment 46:8</p> <p>assigning 139:13</p> <p>assignments 15:24</p> <p>Assistant 2:13 127:7</p> <p>assisting 121:12</p> <p>Associate 2:16</p> <p>Association 3:20 72:22 134:24</p> <p>associations 26:16 93:20 96:11, 16 117:18 138:7, 9</p> <p>assume 108:6 109:12 112:24 133:5</p> <p>asthma 47:7 53:1</p> <p>atmosphere 73:25</p> <p>attachment 8:17 9:6</p> <p>attack 44:25 73:15</p> <p>attacks 25:13 44:13</p> <p>attendance 23:19 58:7 70:12</p> <p>attending 141:5</p> <p>attention 51:11 74:19 75:5 103:22 140:17</p> <p>attorney 89:11, 20 90:3, 19 138:14</p> <p>attorneys 138:15</p> <p>audience 104:24</p> <p>audiovisual 28:16 117:23 118:15 126:6</p> <p>Auerbach 2:5 10:14 12:18, 19 19:13 20:22 21:1 27:20, 22 28:18, 21 31:8 32:12, 14</p>
---	---	---	---	---

33:5, 14 48:18, 25 49:4, 8 51:16, 20, 25 54:7 56:6 63:14, 15, 16 64:25 68:9 77:20, 21 78:5, 6, 7 82:8, 9 83:7, 10, 14, 21, 24 84:3, 9, 14 86:2, 7, 18, 22 87:15, 16 95:4, 8, 12, 17 98:7 99:18 108:10, 11 109:16 116:17, 18 121:24 124:16, 19 125:16, 20 126:7, 10, 22 127:1, 14 128:16, 22 130:1, 10, 19, 23 131:7 132:8, 23 133:4 137:5, 10, 13 Auerbach's 110:20 augment 126:2 August 12:6 51:15 53:25 94:14 100:6, 7 142:15 authorities 93:4 Authority 5:11 26:21 27:3 37:17 38:15 59:17 68:21 96:11 97:3, 17 118:3 127:21 authorize 99:13 authorized 8:10, 19 9:9, 15 100:17 autism 47:7 available 13:10 34:25 120:11 average 24:21 Avioli 3:11 34:15, 18, 18 64:9, 10, 10 65:3 84:8, 16, 16 85:14, 17, 20, 22 86:8 100:9, 11, 11 aware 23:3 53:7 88:10 126:16 awareness 42:17 43:9 awful 110:13, 15 Aye 141:4 < B > back 14:15 20:16 40:3 51:14 61:8, 11 68:2 72:23 76:8 90:19, 22 93:23 96:24 100:7, 9 101:16 102:18 103:14 109:10 112:4 130:5 134:18	background 30:7 34:6 backing 97:17 bacteria 44:10, 15 bad 114:11 Baedecker 2:11 13:4, 5 21:2, 17 22:7 23:1 38:9, 25 39:5, 13 55:24 62:7, 12 68:25 75:18, 25 76:5, 19, 23 84:11 85:25 86:5 88:9 90:8 91:4, 7 96:9 101:5 102:17 109:19 113:16, 20 124:5, 7 130:17 137:15 Baker 37:12 balance 119:7 Balch 3:13 92:2, 5, 6, 7 94:9, 15 96:1 97:6, 23 102:10, 10 103:13, 17 107:13 108:3, 18 110:11, 16 111:15, 18 ball 99:19 bananas 74:3, 7, 8, 10 banking 16:15, 18 118:1 120:19 banned 40:5 banner 81:19 bar 133:20 134:23 barn 14:15 Barretts 3:7 53:5 bars 81:6 base 16:19, 20 based 86:8 89:18 basic 117:22 121:15 basically 37:21 75:15 77:1 105:2 107:20 140:14 basis 15:6 29:23 90:4 119:8 126:4, 19 battle 51:3 Bay 128:15 Beach 62:13 beaten 24:13 Beck 3:10, 19 56:2, 7 60:3, 5 62:11 63:11 65:12 66:1, 13, 19, 22 67:12, 16, 18 68:8, 14 beer 71:15 began 17:3 44:11	beginning 15:5 31:5 behalf 21:10 25:25 27:8 29:2 82:19 84:16 belief 32:17 believe 30:5, 19 33:3, 25 35:14 46:17 56:18 58:19 74:24 89:2, 5, 19, 20 90:3 92:10 94:5, 6 100:20 105:5, 6, 7 121:22 believing 73:8 Belmont 23:12 benefit 59:4, 9 69:2 benefits 57:13 65:14 Bermuda 17:15 best 53:10 54:1 97:16 bet 32:4 58:17 59:3, 5, 10 61:21 62:5 65:12, 12, 12 66:4, 15 67:1, 1 76:4 82:21 83:18 105:7 112:7, 20, 21, 21, 25 bets 29:16 66:10 76:6 104:2 better 18:22 31:18 68:2 74:6 111:12 131:12 betting 31:23 57:12 59:10 61:5 73:4 81:11, 14 82:17, 25 83:1, 2, 19 85:6 107:3 112:15 123:13 bettor 112:4 bettors 29:25, 25 71:22, 23, 25 72:1, 12, 12 81:4 113:7 114:3 bettor's 112:14 beverages 43:7 beyond 48:19 49:5 62:21 Big 3:22 6:7 23:8 32:4, 8 53:23 74:24 78:16, 20 80:6, 8 81:16 104:6 114:4 138:9 bigger 137:12 biggest 137:19 Bill 57:1, 3, 10 58:23, 24 59:2, 24,	25 60:10, 24 61:12, 13 139:14 billion 37:19 44:10 46:19 bioaccumulation 44:21 biography 26:25 birth 40:21 bit 14:24 41:2 48:19 72:23 101:12 112:23 blah 19:25, 25, 25, 25, 25 blinkers 107:7, 7, 15 blocking 132:22 blogosphere 104:16 blood 24:12 41:20 43:17 49:14 BOARD 1:2 4:10, 11, 15, 22 5:8, 17 6:5, 11, 19 7:8, 17 8:13, 22 9:12 10:6, 9, 20, 21 11:8, 22, 23 12:3 14:19, 23 18:20 20:24 21:10 26:4, 6 27:1, 9, 10, 25 35:7 36:8 37:6 38:17 39:6 42:13 43:15 46:22, 23 48:17 51:6 54:12 55:7, 14 56:16 59:11, 16 62:17 63:17 64:14 68:20 75:25 78:14 82:14 88:2 89:1, 20 90:5, 9 93:13 94:14 95:21 96:12, 15, 17 97:4 98:22, 23 100:24 101:18 102:22 103:8, 15 104:21 105:12 117:2, 10, 13 118:6, 7 119:15 121:13, 21 124:17, 20, 21, 25 125:4 126:4 127:9 128:5 130:5 134:15 142:6 boards 129:8 Board's 11:10 86:10 122:1 Bob 54:21 bodies 24:16 body 41:9 bone 40:16 bones 40:15 45:3 47:3	BONNETTE 1:25 142:3, 18 bonus 71:1 book 29:14 30:3, 25 31:21, 23 32:3 books 36:7 bookshops 29:9, 9 30:3 boon 53:20 boost 73:21 border 35:12 botulism 44:16 BOULEVARD 1:11 10:10 break 102:7 breakdowns 24:13 breaking 45:3 79:22 breaks 16:7 breast 43:3 bred 79:2 breed 98:4 breeder 106:3 Breeders 20:12 46:24 breeding 106:19 breeds 25:9 brew 80:20 brewers 80:21 Brian's 131:1 brick 122:7 123:11 125:8 126:3 brick-and-mortar 28:17 124:3 125:24 brief 117:10 121:15 briefly 69:14 107:13 bring 26:4, 5 39:11 74:19 75:4 129:23 130:6 139:23 140:17 bringing 71:16, 18, 22 81:3, 3 brings 71:12 brittle 40:15 broad 56:18 59:1, 11 62:15 104:20 broader 93:12 broadly 59:24 broke 74:4 brought 16:19 24:11 140:14 Bryan 3:25 117:8 118:12 125:22 132:16 budget 138:12 building 129:20
---	---	---	---	--

<p>135:5 bulldog 79:3 bullets 137:14 burst 44:22 Business 4:19 10:18 26:16, 22 27:12, 14 28:10 29:7 55:17 110:9 117:17 buy 46:25 48:13 123:18 138:23 buying 70:24, 24 buys 70:25</p> <p>< C > C.S.R 142:3 Cal 2:21 132:12 138:8 Caliente 26:1, 15 27:2, 15 28:6, 9, 10, 10, 15 29:7, 19 30:23 31:13, 21 34:22, 24 35:23, 23 Caliente's 30:2 CALIFORNIA 1:1, 12 3:25 5:10 6:24 7:19, 23 10:3, 5, 9, 11, 24 11:11 13:13, 25 14:19 24:3 26:6, 13, 16 27:10, 13, 25 28:5 29:4, 8 30:21 32:7, 10, 19 34:25 38:13, 14 44:2 51:9 54:23 59:19 64:21 67:18 68:21 70:10 79:2, 23, 25 85:11 88:6, 14 92:7, 11, 16 93:6, 16 94:5 96:14 97:11 98:5 100:2, 16, 19 102:10 117:2, 6, 9, 15, 21 118:3, 5, 10 119:3, 12 120:5, 6 121:4 123:17 126:1 127:21, 25 128:2, 3, 11 129:17, 24 131:3 132:24 133:23 140:13 142:1, 5 call 45:5, 9 123:12, 12 called 5:12 11:14, 20 39:25 40:25 64:13 68:23 72:10 103:21 Calvin 118:8 campaign 70:21</p>	<p>71:4 81:7 cancelation 107:18 capita 23:17 capitalize 139:24 captioned 8:18 9:7 car 119:2 carcinogen 24:5 44:3 card 34:13, 16 55:19, 20 56:1, 8 87:6 122:20 134:22 cards 55:24, 25 90:6 care 14:16 22:18 72:11 110:8 112:9 122:9 139:13 career 24:22 cares 22:21 CARF 3:15 5:11 68:22 73:23 118:8 122:25 130:13 131:20 132:4, 16, 20 CARF's 124:1 caring 14:5 Carrie 118:13 127:6 carries 13:2 77:2 carryover 104:18 case 16:1 23:3 89:6 104:8, 25 133:23 Casino 122:18 casinos 36:6 37:5, 18 castrated 115:6 cat 108:17 catalog 54:1 catalyst 38:6 39:9, 11 Cattle 73:12, 13, 14 caught 63:24 cause 43:5 44:25 45:2 caused 24:25 37:1 104:3 causes 40:16 102:15 causing 44:17 CBH 50:6 cell 41:10, 10, 11 58:22 59:6 61:15, 23 62:1 centers 128:18 certain 15:9 31:22 40:9, 14 41:6 99:10, 14</p>	<p>certainly 17:16 23:20 48:8, 12 50:2, 9, 9 51:3 96:10 104:22 105:6, 7, 8 certify 142:4, 9, 11 cetera 133:20 134:1 chain 24:24 CHAIR 10:4, 13, 14 12:18, 19, 20, 23, 24 13:1 19:11, 13 20:22 21:1 23:22 25:18 27:18, 20, 22 28:18, 20, 21, 24 31:4, 8 32:14 33:5, 14, 22 34:3, 9, 17 39:17 41:16 42:2, 10, 12 45:21 46:9, 21 47:19, 23, 25 48:18, 23, 25 49:2, 4, 8, 10, 11, 17 51:5, 16, 20, 25 52:4, 7, 11, 14, 21 53:11 54:5, 7, 9 55:8, 23, 25 56:4, 6, 10, 12 62:16, 22 63:6, 12, 14, 15, 15, 16 64:25 65:4, 16, 18, 20 66:17, 20 67:5, 14, 17, 20 68:4, 6, 9, 18 69:4, 6 70:15 72:13, 16, 20 73:12 74:7, 10, 15 75:22 76:11, 18 77:4, 7, 10, 18, 20, 21, 21, 25 78:2, 2, 3, 4, 6, 7, 7, 10, 13 81:21, 24 82:3, 5, 5, 6, 7, 8, 9, 10, 10, 12 83:6, 7, 10, 14, 21, 22, 24 84:1, 3, 6, 9, 13, 14 85:3, 23 86:2, 6, 7, 18, 22, 25 87:8, 11, 15, 15, 16, 17, 18, 19, 20, 23 88:1 89:24 90:24 91:11 94:9, 12 95:4, 8, 12, 17, 18 96:4, 6, 10 97:18 98:6, 7, 20 99:3, 5, 9, 12, 15, 17, 22 100:23 102:6 103:12, 16 106:14, 16 107:4, 5 108:6, 10, 11 109:11, 16, 17, 21 110:10, 17 111:4, 7, 17 114:4, 6, 12, 15, 21 115:15</p>	<p>116:1, 6, 10, 11, 13, 17, 18, 19, 22, 23 121:20, 24, 25 124:16, 18, 19 125:16, 20 126:7, 10, 22 127:1, 14 128:16, 22 130:1, 8, 10, 19, 21, 23 131:7 132:8, 23, 25 133:4, 5, 9 134:2, 9, 13 135:14, 18, 22, 25 136:4, 8, 11, 24 137:5, 8, 10, 12, 13 140:3, 20, 22, 25 141:1 Chairman 2:3, 4, 5 10:13 13:6 23:21 26:1 39:9 54:12 56:15 57:2 63:5 67:11 68:1, 25 69:8 78:4 82:7 87:3, 17 88:9 90:8 100:11 101:5 102:6, 11 116:13, 19 118:7 122:5 challenge 79:20 chance 22:8 63:4 89:25 chances 54:2 change 16:15 19:24 20:3 79:7 83:4 84:10 89:16 96:16, 17 98:24 99:6 107:16, 17 113:10 132:21 changed 58:2 60:11, 23 89:7 92:16 108:9 112:19 changes 70:4 107:7 109:14 changing 47:7 56:20 112:14 Chapter 17:21 charcoal 45:14 47:1 charge 57:15, 15, 17, 18 61:11 130:17 136:15 Chau 59:21 check 19:8 checks 34:6 111:23 chelator 45:1 chemical 40:5 43:20 chemicals 43:14, 15, 21</p>	<p>chief 131:21 children's 43:2 Chilli 69:15 Chillingworth 3:20 69:13 72:15, 18, 21, 21 73:14, 19 74:8, 13 choice 31:25 choose 49:3 58:21 89:21 99:1 115:19 chooses 98:23 Choper 2:6 10:14 42:6 46:11, 14 66:10 77:25 78:1 81:25 82:3, 4 87:20, 21 99:7, 10, 13, 17 108:9 111:15 115:24 116:3, 8, 20 141:2 Choper's 94:12 CHRB 3:23 6:21 7:9 13:7, 9 37:9 38:7 75:12, 13 86:15 88:3 96:21, 25 99:2 100:25 113:4 115:6 CHRB's 32:17 CHRIMS 23:6 chromium 41:7 Chuck 2:3 10:12 Churchill 82:22 83:11 cited 104:5 cities 4:18 55:16 57:4 59:14 67:9, 23 138:23 City 3:9, 10, 19 4:15 55:14 56:13, 13 57:7, 9, 12 58:13 59:3, 22 60:14 61:14 64:13 65:9, 10, 14 66:6 67:2 68:15 138:15, 17 claim 43:22 91:22 Claimed 6:21, 22 7:5 88:3, 4, 7, 18, 19 91:20 95:24 97:9, 9, 13, 21 claiming 6:23 88:4, 13 91:16, 20 97:10 98:17 claims 91:17 97:19 100:1 clarification 77:11, 15 clarified 27:13, 16 77:4 clarify 28:23 77:8</p>
--	--	--	---	--

<p>clarity 75:16 77:5 clean 91:20 clear 11:17 27:6 29:18 62:7 100:21 clearly 11:16 20:25 clerical 127:15 clerk 139:8 clerks 139:13, 14 clientele 81:8 Cliff 35:15 clock 90:12 close 6:25 54:24 79:22 88:6 97:12 114:25 Closed 8:5, 13, 22 9:12 23:15 136:7 closely 15:3 24:14 closer 51:11 closes 88:21 Club 5:20 50:2, 6 122:20 134:22 coasters 81:6 cobalt 41:8 Code 4:20 8:11, 20 9:9, 15 55:17 57:2 117:17 coincide 86:12, 23 collaboration 50:5 colleagues 26:15 48:16 collect 28:13 collection 120:22 collegial 21:20 102:22 combined 40:24 come 10:6 11:14 16:12, 15 17:9 18:20, 21, 21 56:20 58:20 59:2 60:15 71:12 72:4 80:11 81:19 91:20 96:24 102:18 103:14 112:22 129:11 130:5 133:22 134:11 136:19 comes 37:16 60:14 64:1 90:22 123:14 125:1, 24 126:8 135:6 coming 26:8, 12 29:24 35:6 53:16 58:16 61:2 69:25 74:2 75:11 80:21 109:9 129:19 139:9 commencing 5:5, 13, 21 6:8 68:23 78:16</p>	<p>commend 20:8 21:5 commended 36:20 Comment 4:9 10:20, 23 11:5, 7, 10, 13, 14 12:9 18:14 23:23 26:5 34:15 42:6 68:10 79:15 88:8 89:4 90:10 96:20 103:10, 13, 14 106:15 140:8 Commenting 89:10 comments 10:19, 22 11:8 12:1, 3, 9, 11 22:24 39:18 55:12 60:7 111:21 commerce 89:12, 17 98:4 commercial 35:18 commingle 26:7 30:3, 6, 9, 16, 17 31:12, 22, 24 37:22 commingled 29:23, 24 31:1 33:4 commingling 27:4 36:25 Commissioner 2:6 10:15, 15, 16 12:13, 15, 16, 17, 18, 22, 24, 25 13:1 19:2 20:22, 25 26:24 32:12 36:4 42:6 46:11, 14 47:9 63:15 66:10 77:14, 23, 24, 25 78:1, 5, 8, 9 81:24, 25 82:1, 2, 3, 4, 11 87:13, 14, 20, 21, 22, 23 90:23, 25 91:6 92:14 94:12, 12 96:9 97:7 99:7, 10, 13, 17, 18, 18, 20 106:15, 16, 17 107:4 108:9, 10 110:20 111:15 115:24 116:3, 8, 12, 14, 15, 16, 17, 20 130:13 136:21 137:22 141:2 COMMISSIONER S 2:2 18:13 23:3 38:10 56:15 69:3, 8 88:10 commissions 37:25 commitment 34:24 35:2, 22 Committee 15:2 26:1 39:10 44:14 45:5 93:2 94:11, 13, 13, 21, 25 96:2</p>	<p>98:20 100:3, 5 101:12, 13 102:22 121:4 122:5 common 26:12 28:5 36:23 Communications 4:9 70:17 communities 42:20 72:8 community 51:24 companies 119:23 company 29:7 119:25 compared 75:1, 3 compensate 57:23 compensated 57:5 compete 25:2 competing 37:8 complaining 103:4 complaints 119:9 completed 13:14 completely 43:23 47:6 58:25 65:5 complexion 112:19 Compliance 26:1, 19 27:15 36:9 39:10 compliant 27:11 37:20 complicated 115:17 compliment 73:23 139:5 complying 33:18 compound 40:13, 14 compounds 41:23 computer-generate d 142:8 computers 61:15 conceivable 105:19 concept 67:24 94:4 134:3 concern 39:22 46:4 49:23 65:5 75:9 concerned 36:2 39:24 66:7 75:10 92:12 concerns 10:24 11:11 41:13 107:11 concluded 70:7 141:8 condition 17:13 98:1 Conduct 4:23 5:9, 18 6:6, 12 68:21 78:15 82:15 120:20</p>	<p>conducted 93:3 conducting 16:8 conducts 50:3 cones 61:21 confer 8:14, 23 confident 79:23 90:18 confirm 26:21 100:14 confirmed 26:11 27:8 100:16 conformity 33:10 connect 24:24 35:21 connected 35:20 connection 25:1 connections 104:22 106:4, 9 connective 25:1 consecutive 92:21 consent 64:16 84:23 100:14, 17, 18 consider 48:7 93:6 96:12 103:9 considerable 88:11 consideration 59:15 103:15 114:16, 23 considered 70:12 89:1 91:9 92:21 93:11 105:21 113:13 115:20 considering 8:6 9:14 103:9 consistent 17:1 constructive 17:21 consult 93:20 consumed 40:2 consumer 43:6 consumers 45:11 contact 39:1 contacted 84:21 contacts 128:11 contain 40:23 contemplate 113:11 content 14:7 29:2 31:7 contest 80:18 continually 18:16 continue 18:24 20:15, 17 30:22, 24 72:25 80:8 81:13 82:23 continued 16:5 28:4 continues 82:24, 25 continuing 15:6 21:22, 24 29:20</p>	<p>contracts 119:1, 20 120:17 contributing 18:25 88:13 Control 36:8 37:6 convene 8:13, 22 9:12 conversation 18:16 19:4 65:6 84:17, 18 139:18 conversations 34:23 139:22 conversion 120:4 convictions 37:1 convoluted 86:24 cooperation 16:13 62:3 coordinates 120:21, 24 coordinating 120:9, 14 copy 17:25 27:2 56:22 corn 44:6 corporate 36:21 81:2 corporations 46:19 81:3 correct 26:22 33:13 63:11, 11 65:3 66:21 86:20 89:8 97:22 100:9 102:2 103:11, 12, 15, 16 107:24, 25 109:13 115:4 134:7, 8 corrected 16:20 correctly 33:8, 12 correlation 41:22 corridor 128:18 Cosio 3:4 25:21, 23, 24 27:21, 24 29:6 33:13 cost 22:15 61:3 costs 61:7 Council 60:2, 14 68:15 Counsel 2:12, 14 8:6, 15, 24 62:24 65:22 89:2, 3 142:11 counsel's 63:2 counter 33:17 58:11 counties 4:19 55:17 County 3:21 4:25 43:2 70:11, 17 122:17 135:21 142:2</p>
---	---	---	---	--

<p>couple 14:11 17:20 70:19 88:20 90:16 105:22 130:3 131:6 course 16:13 17:13 29:11 33:20 69:12, 24 96:18 102:16, 18 109:11 116:4 135:20 court 11:16 89:16 99:19 Covair 36:1 cows 45:15 craft 71:15, 16 80:19 crawl 102:3 crazy 104:17 create 42:19 80:17 104:17 126:13 created 17:24 creates 109:4 creating 80:19, 25 81:2 creative 62:18 credit 74:1 crew 74:22 criminal 37:1 critical 55:10 105:11 crop 13:20, 21, 24 crops 40:8, 8, 25 43:1 crown 60:17, 18 CSR 1:25 142:18 CTT 3:13 15:4 culminate 71:19 Cup 20:12 current 62:25 65:23 90:4 94:8 117:12 118:2, 6, 11 122:4 currently 4:18 13:9 46:4 55:16 64:12 85:5 92:13 95:23 122:14 customer 31:24 139:8 customers 31:23 32:3 119:9 120:16 cutout 65:1 < D > daily 71:24 119:8 Dakota 83:1 damage 43:5 44:19 damaged 44:24</p>	<p>dangerous 37:2 dare 19:24 dark 15:25 Darrell 3:8 54:10, 11, 12 55:8 Daruty 2:22 28:19 29:1, 1 31:6, 7, 16 32:16 33:16, 24 34:5 36:10 data 16:23 24:19 44:1 47:12 117:24 118:16, 20 date 17:4 86:11, 12, 14, 16 Dates 15:1 70:22 David 54:21 Davis 24:18 48:10 51:9 day 13:20 14:12 15:18 17:7, 10 18:4, 7 23:8, 9, 11 34:21 37:11 40:21 64:19 73:22 81:15 88:20 90:17 93:23 105:8 107:6 114:9 115:9 120:11 124:5 138:4, 13 142:15 days 6:25 15:15 16:1, 25 17:4, 7, 20 18:4 24:19 58:6 59:9 70:11 73:4 75:3, 3 88:6 90:14 91:1, 11, 12, 13 92:24 93:9, 10, 21 95:11, 24 97:11, 12, 14 109:21 113:2 115:19, 24 116:2, 24 daytime 18:4, 6, 10 day-to-day 119:5 dba 6:14 82:16 de 3:4 25:21, 23, 24 27:21, 24 29:6 33:13 deaf 20:1 137:25 deal 26:14 35:5 36:18 57:20 60:24 84:19 92:16 94:15 112:14 dealing 128:19 deals 136:16 dear 19:14 debate 30:14 51:2 debut 14:22</p>	<p>December 97:19 98:2 decide 90:10 decided 101:14 decides 98:24 decipher 96:20 decision 37:15 67:8 89:16 98:25, 25 decisions 8:7 30:20 declare 101:21 declared 43:19 decline 18:11 23:18 58:15 dedicate 138:25 139:1 dedicated 138:2, 12, 19 deem 64:6 deep 80:10 defects 40:21 defended 89:22 defensible 49:25 deficiency 45:2 defoliant 40:20 DEL 1:9, 12 3:16 10:3, 10, 11 15:3 16:2, 10 19:3 20:8 21:4, 12 23:14 26:9 28:2 32:6 37:10 53:21 54:14 55:10 85:6, 19 88:17 92:22 93:25 95:20, 23 delay 116:5, 5, 7 delighted 52:25 92:8 delineated 98:15 demand 123:21 demographic 133:11 demographics 123:22 Dennis 16:12 21:3 54:14, 16 dense 17:14 department 90:5 126:21 departure 53:7 depending 30:15 76:3 92:20 Deposit 4:17 6:13 55:15 82:16 deposits 120:22 deputy 78:21 80:5 derby 80:18 de-regulating 45:24 derived 121:2</p>	<p>described 8:17 9:6 138:5 describing 7:20 117:3 deserve 140:1 design 49:24 50:4 designed 13:10 14:8 40:8 41:5 desire 65:24 destroy 44:10 destroyed 44:15 destroys 44:16 details 95:1 detected 43:6 deter 98:5 determine 37:14 51:8 67:7 75:17 determining 63:25 deterrent 111:13 124:12 detox 44:17 47:3 develop 15:9 44:16 125:13 129:17, 24 developed 127:20 developing 132:21 development 7:22 117:5, 14 121:18 122:10 123:11 131:24 132:2, 2 developments 122:23 device 59:7 devices 58:22 devoted 43:9 diabetes 41:7 Dickinson 54:15 died 42:21 Diego 17:20 21:18 22:2 diet 47:7 difference 23:8 45:18 55:4 64:22 74:24 75:8, 15 96:22 106:19 139:3 different 43:20 81:8 93:22 128:2, 20 difficult 19:16 128:14 digit 79:21 diligence 30:7, 19 33:22, 25 34:8 direct 38:18 39:14 118:6 directed 119:15 121:13 128:5 direction 128:6 142:9</p>	<p>directly 26:14 37:16 38:3 126:8 127:23 Director 2:11, 13, 15 13:5 21:17 22:7 23:1 38:9, 25 39:5, 13 42:16 48:2, 3 49:22 51:13, 19, 22 52:1 54:20 55:24 60:19 62:7, 12 68:25 69:9, 11 75:18, 25 76:5, 19, 23 78:19 84:11 85:25 86:5 88:9 89:9 90:8 91:4, 7 96:9 101:5 102:17 108:1 109:19, 23, 24 111:1, 5 113:3, 16, 20 114:19 115:2 117:12 131:22, 23 137:15 Directors 117:13 118:6, 7 127:9 Director's 4:7 13:3 disapprove 33:3 disciplinary 8:9 9:5 disclosed 79:10 disclosure 34:19 discretion 48:13 discuss 4:16 45:22 48:15 55:15 65:23 138:13 discussed 79:9 99:23 100:3 138:13 discussing 31:10 65:2 Discussion 4:15, 22 5:8, 17 6:5, 11, 19 7:8, 17 11:4 55:14 59:12, 14 68:19 77:22 78:14 82:14 84:7 87:4, 12 88:2, 11 92:3 93:8 96:5 98:21 100:24 101:11 102:22 106:14 109:15, 17 113:2, 5 115:15 117:1 121:25 135:2 140:22 disease 25:1 44:17 disparage 50:24 displays 118:20 disseminating</p>
---	--	--	---	---

<p>120:10 disseminator 36:16 distribute 29:22 31:11 81:7 distributed 64:23 distributing 30:20 33:21 distribution 31:18, 19 32:16 125:23 126:4 distributions 4:18 55:16 division 41:10, 10, 11 divulge 95:9 document 24:11 37:16 48:8 documents 24:10 100:14 doing 19:21 20:2, 2 21:11 26:2, 15, 21 28:11 33:20 51:17 54:15 64:1 73:8, 25 80:20 98:22 109:9 110:6, 24 124:17 125:3, 3 129:12 131:18 138:3 dollar 104:15 dollars 26:18 37:19 46:19 57:22, 22, 24, 25 108:19, 20 Dominic 3:9 56:13 door 138:17 dot 47:12 dot-com 82:17, 25 83:2, 19 85:7 doubled 79:10 double-edged 103:1 Doug 127:5 Downs 82:22 downtown 73:20 122:21 dozens 105:22 Dr 15:8 16:23 21:2, 3, 18 24:18 42:5, 14 47:19 48:2 49:11 107:23 109:22, 24 111:14, 21 drama 108:22, 23 dramatic 89:16 drawing 129:8 drinking 40:17 Drive 61:2 73:13, 14 drove 65:13</p>	<p>droves 80:11 drug-testing 13:15 due 30:7, 19 33:22, 24 34:8 46:18 duplicate 124:14 DURANTE 1:11 10:10 duties 128:4 131:22 dwindle 92:1 dynamics 109:15 < E > E.U 46:6 ear 20:1 earlier 16:16 73:8 ears 137:25 easily 137:21 East 40:3 88:15, 21 easy 14:24 19:15 eat 43:11 55:5 eating 44:11 45:16 educate 72:2, 11 124:20 educational 21:6 effect 58:24 65:6 effects 25:3 effort 20:7 21:9, 10, 14 50:24 111:2 136:13, 13 138:2, 12, 19 efforts 36:17 128:6 132:22 eight 122:14, 22 123:8 130:8 132:6 133:10 134:5 eight-day 69:16 either 32:25 34:10 66:10 95:24 112:24 electronic 58:22 59:7 elevate 105:1 elevated 105:12 elevates 107:19 eligible 6:23 88:5 97:10 Elizabeth 118:9 132:9 email 114:7, 8 emergency 57:18 emotional 51:2 employed 119:4 employees 123:1 126:18, 20, 23, 24 127:10, 15</p>	<p>enable 93:19 enclosure 64:18 encompass 70:23 encompassing 71:23 encryption 118:18 endorse 93:15 94:4, 24 endorsement 93:12 endorses 93:17 ends 16:16 enemy 60:9 62:5 enforce 11:2 enforced 11:4 engine 14:21 enhanced 88:15 enjoy 59:5, 8 enjoyable 20:18 Enlist 40:25 ensure 10:25 118:20 119:6 ensuring 34:7 enter 81:12 110:3 entered 7:15 101:4, 22 enters 111:10 entertainment 81:18 enthusiasm 23:20 entice 134:11 136:19 entire 89:10, 18 92:15 entities 27:4 37:18, 24 entity 36:4 39:3 Entry 6:21 88:3 102:1 Environmental 24:3 EPA 43:15 44:2, 4 45:23, 25 equally 62:6 64:23 Equine 2:15 19:18 48:2, 3 49:22 51:13, 19, 22 52:1, 1 108:1 109:23, 24 111:1, 5 113:3 114:19 115:2 equipment 117:24, 25 118:23 119:11, 16 126:6 equivalent 70:6 error 76:16 especially 20:8 22:17 99:24 essential 45:2 essentially 74:5 establish 129:3</p>	<p>established 89:6 93:14 et 133:20 134:1 Europe 25:13 evaluate 37:23 evaluation 37:12 38:1 evening 22:20 event 17:11 70:13 75:23 80:16, 16, 22, 24 events 69:11 71:12, 21 78:24 80:17 Everly 13:8 everybody 10:7 14:6 15:1 18:25 19:21, 23 20:21 22:21 57:5 62:23 63:18 72:18 73:23 74:12 83:25 84:1 85:1 90:11 91:25 evidence 32:2 33:19, 25 evolved 102:23 exact 61:3 86:16 exactas 106:6 exactly 27:11 38:21 49:4 113:6 examinations 15:11 examine 15:18 24:14 115:10 examining 115:3, 9 example 27:1 73:9 97:8, 19 exceed 43:8 excellent 70:3 exceptional 14:16 exceptions 99:11, 14 Exchange 36:1 57:14 excited 72:7 81:17 excites 71:13 exciting 72:3 excuse 58:9 59:20 79:13 Executive 2:11, 13 4:7 13:3, 5 21:17 22:7 23:1 38:9, 25 39:5, 13 55:24 60:19 62:7, 12 68:25 75:18, 25 76:5, 19, 23 84:11 85:25 86:5 88:9 90:8 91:4, 7 96:9 101:5 102:17 109:19 113:16, 20</p>	<p>131:21, 23 137:15 exercise 44:22 exist 58:23, 24 existing 56:19 expand 61:1 124:13 139:24 expanding 129:20 136:12 expansion 121:5 127:24 128:21 140:9 expect 17:14 68:1 70:4 132:10 134:6 expedited 90:4 93:2 expel 44:23 expense 119:17 121:1, 3 expenses 61:10, 11 67:3 117:25 118:17, 24 119:17 120:12 experience 18:19, 25 123:6 138:16 139:19 experienced 68:16 expertise 48:20 49:5 experts 30:18 explain 76:7 110:7 124:25 exposure 53:21 129:5 expression 60:20 extension 88:24 extensively 42:22 extraordinary 15:19 extremely 72:3 < F > facilities 7:23 34:8 117:5, 15 120:15 127:11, 13 133:7 135:15 136:20 facility 98:23 115:6 124:3 133:19, 25 134:21 135:5, 12 137:19 fact 43:24, 25 46:1, 5 49:23 74:14 88:12 103:22 114:23 115:13 factor 105:4, 12, 19 107:20 108:3 factors 88:13 Fair 3:21, 22 4:25 6:8 17:2 56:19 60:21, 22</p>
---	---	--	--	---

61:18, 19 64:6, 7 65:11 67:17 68:8 70:1, 11, 17 75:10, 11 78:16, 20, 21 80:1, 6, 9, 9 81:16 91:2, 6 99:21 104:22 122:17 126:1 133:25 134:23 135:21 fairly 57:5 Fairs 5:11 32:10 68:22 79:17 92:19 99:25 117:18 118:3 127:22 131:4 132:19 faith 35:3 fall 69:10 70:23, 24 71:2, 8, 9, 14, 15, 17 98:11 118:22 familiar 14:7 85:14 family 31:14 35:15 fans 71:13 fantastic 58:21 72:24 far 32:17 34:5 37:20 53:25 66:6 75:8 91:13 109:6 111:3 127:8 135:4 farm 106:3 farmers 45:10 farming 43:10 farthest 122:18 fashion 11:2 135:9 fatal 25:14 fatalities 24:14 favor 101:16 141:3 favorite 104:9, 25 105:8 109:12 112:13 favorites 24:13 104:15, 16 fearless 53:7 fed 41:4 federal 38:14 fee 64:19, 20 feed 42:25 101:1 feedback 19:7 feeding 40:23 feedstuffs 48:13 feel 37:6 59:23 79:16, 23 102:13 107:2 110:23 feels 59:16 fees 26:17 29:11	34:21 feet 61:23 fell 137:25 felt 89:11 105:10 113:7 128:9 festival 71:14, 15, 17 80:20 field 91:25 103:20 110:23 Fields 2:21, 22 69:19 88:12 118:4, 9 131:4 132:13, 14 fight 31:14 36:14 figure 50:21 figured 105:8 fill 25:16 34:13 55:20 56:1 74:22 filling 90:6 final 43:17 46:3 81:14 103:15 112:1, 2 finally 14:4 63:23 135:7 137:24 finances 50:4 financials 18:1 find 27:11 41:22 108:25 110:2 114:3 124:22 129:5 139:13 finds 93:15 Fine 92:6 110:7 111:9, 12 116:5 finish 71:19 finishes 23:6 fire 57:18 61:9 firm 30:11, 13 38:3 136:22 firms 37:13 First 2:4 10:13 12:23 14:14 16:6, 7 20:23 23:5 24:6 29:5 36:14 42:23 46:21 49:11, 17 52:24 53:16 56:2, 11 60:8 65:18 68:6 69:6, 25 70:1 78:3 79:21 82:6 87:19 92:8 96:6 97:18 98:6 99:3, 15 102:6, 8 105:10 107:5 111:17 116:11, 22 124:18 130:14 131:2, 6, 9 132:25 133:5, 9 134:2, 9, 13 135:14, 18, 22, 25 136:4, 8, 11, 24 137:8	first-time 102:25 107:19 108:4 fit 139:14 fits 92:15 five 13:13 57:22 64:20 69:21, 22, 22 79:13 94:2 122:25 134:4 135:7 five-week 95:11 fixing 68:10 flag 15:9 flexibility 97:16 flipped 38:12 floor 37:10 fluoride 40:13, 14 fluorinated 40:17 fluorosilicic 39:24 40:12 41:21 flushed 97:24 fly 103:19 foam 13:24 focal 20:9 focus 139:2, 24 focused 106:23 focusing 131:18 folder 26:24 folks 21:5 22:17 34:10 followed 17:9 35:1 51:10 following 14:14 17:2 73:22 97:20 food 24:24 39:23 40:2, 7, 8, 23 42:21, 22, 25 43:11 45:8 46:25 foods 39:25 41:4 43:7 football 112:16 force 46:24 Ford 3:17 82:19, 19 83:9, 12, 17 84:2 85:4, 16, 18, 21 87:25 100:13 foregoing 142:5, 10 forgot 65:9 form 25:3 37:25 71:24 100:15 104:4, 6 117:18 formed 117:16, 20 former 60:8 123:3 forms 88:16 formulation 43:17, 21 46:3 forth 17:2 105:21 142:7 forward 18:24 39:14 53:19, 23 54:3 74:2 92:9	107:12 123:7 132:5 found 26:10 31:12 37:19 43:1, 4, 25 71:22 80:15, 15, 25 Foundation 50:3 founder 42:15 four 15:22 16:25 69:23 72:24 79:14 94:1 95:11 129:8 134:15 four-year-old 15:12 fracture 40:16 frame 90:18 Francisco 53:9, 11 123:23 frankly 137:24 138:22 fresher 113:24 Fresno 3:22 6:7, 8 78:16, 16, 20, 21, 25 79:11, 24 80:1, 6, 8 81:16 122:19 Friday 23:10 Friends 26:15 35:14 front 26:24 59:5 76:13 90:21 full 23:10 34:19 full-time 123:1 131:13, 14 function 124:23 functions 127:15 funded 52:6 funding 49:6 50:15 125:1, 1, 2, 6, 17, 19, 21 126:8, 13 funds 37:22 50:7 139:1 furlongs 79:3 further 24:20 142:11 future 4:10 < G > gal 72:19, 23 gamblers 109:8 Game 13:17 74:1 112:16, 19 Games 3:17 6:14 82:16, 20, 22, 24, 25 83:9, 12 100:15 gaming 26:20 27:3 36:5, 8 37:6 88:15, 16 Gate 2:21, 22 57:15 61:11 69:18 93:7 118:4,	9 131:4 132:13, 14 134:24 geared 81:17 Gee 103:3 gelded 105:4 111:10, 11 gelding 101:9 105:2, 11, 18 106:20 107:9, 19 108:4 110:5 112:10, 21 113:1 geldings 102:25 110:3 General 2:12 53:4 89:11, 20 90:3, 20 117:8 118:12 127:4 131:5, 11, 15 generally 32:8 128:17, 19 generating 128:24 gentleman 33:7 gentlemen 10:5 140:23 geo 63:21 geo-location 66:18 84:18, 19 85:2, 13 86:1 George 2:4 10:13 98:9 128:25 129:14, 22 137:7 getting 19:22 24:12 64:5 79:19 90:2 111:2 122:13 give 15:6 18:1 28:21 50:13 60:25 69:1 74:1 100:17 101:15 117:10 130:21 given 69:19 99:24 100:14 gives 15:16 37:17 glad 68:12 102:11 glasses 24:15 Glyphosate 24:4, 9, 15, 20, 23, 25 25:4, 7, 14 39:25 40:4, 24 41:3, 21 42:24, 25 43:4, 6 44:2, 5, 16 45:1 46:5, 17 51:2 Glyphosate-free 45:6 Glyphosate-sprayed 45:16 46:25 GMO 43:10 GMOs 42:18 51:2 go 10:18 14:3, 18 15:17 19:12 20:19 22:25
--	--	--	---	---

23:23 55:25 56:11 58:21 62:21 69:12, 14 70:25 78:22, 23 86:3, 10 90:24 92:9 94:23 95:24 99:16 100:9 110:17 113:2 124:9 129:7 133:15 134:18 go-around 83:15 gods 20:19 going 12:20 15:21, 23 18:22, 24, 24 19:13 20:9, 16, 17 28:20 32:23 36:13 38:3 39:8, 14 45:19 49:12 52:11 55:13 60:6 61:10 64:12 66:2, 20 72:23, 25 73:20 74:3, 6, 7 75:20 79:3, 4, 23 91:3, 15 94:10 95:6, 9 99:20 104:19 106:21, 22 107:1, 5 108:11 110:18 111:22, 25, 25 112:17, 18 113:22 114:2 115:11, 12, 12, 13 121:17 122:7 123:2 128:14 131:14 132:5 133:25 134:6 136:15, 17, 17, 25 137:1, 13 138:21, 22 Golden 2:21, 22 69:18 79:1 93:7 118:4, 9 131:4 132:12, 14 134:24 gonna 111:24 Gonzalez 3:4 25:21, 23 38:22 Good 10:4 14:10 17:13 18:24 19:9 21:23 23:18, 25 24:1 25:3, 23 29:1, 18, 20 30:12, 23 35:3 54:7, 9, 11 56:15 57:20 60:5 69:4, 5 72:17, 18 78:18 79:21 80:4 82:19 88:1 89:25 91:21, 21 94:25 100:2 117:8 129:11 130:19 131:16 132:10 136:9, 12	gosh 104:5 gotta 138:16, 24 gotten 26:23 51:21 102:24 140:2 governing 39:3 Government 8:11, 20 9:9, 15 37:24 38:4, 19 39:1, 3, 7, 11 43:7 57:2 64:13 government-to-gove rnment 37:11 grain 40:3 grains 43:8 44:8, 12 45:6, 10, 16 46:25 grandchildren 35:15 granting 84:25 grass 17:15 grateful 20:13 Grayson 51:17 Grayson-Jockey 50:2, 6 great 20:15 22:12 36:18 54:2 70:13 72:11 73:21, 24 92:16 104:20 130:11 132:23 139:13 greater 70:23 97:3 106:12 greener 53:8, 12 Greg 3:11 34:18 35:19 64:10 84:16 100:11 Group 2:20 26:10 27:8 33:10 95:1 groups 35:25 37:20 43:7 124:21 grow 40:9 growing 40:3 grown 45:10 48:13 grows 126:11 growth 17:14 guarantee 19:17 guaranteed 79:1 guess 14:6 66:2 93:7 103:9 113:7 124:8 guests 81:1 Guild 3:8 54:13 Gulfstream 23:12 gun 137:6, 9, 12, 14 gut 44:10, 15 guts 45:15 47:2, 3	guy 112:6, 12, 24 114:1 guys 55:5 129:11 138:2, 20 < H > Haire 3:8 54:10, 11, 11, 12 half 17:8 18:11 64:19, 22 104:14 108:19 112:16 125:25 126:2 Hammerle 3:24 111:19, 19 HANA 113:6 114:3 hand 103:3, 8 117:12 122:24, 24 handed 48:5 131:17 handicapped 112:9 handicapping 105:4, 11, 18 107:20 handle 18:6, 8 23:2 57:11 58:8, 9, 12 62:20 74:25, 25 75:3, 8 126:8, 10, 13 handles 125:24 handout 17:19, 24 happen 36:6 39:12 52:17 57:18 65:5, 7 136:17, 17 happened 47:8 61:16 83:4 112:7 136:16 happening 28:5 71:7 happens 57:11, 12 91:18 104:6 happy 19:5 31:3 48:8, 15 51:13 55:21 67:24 85:4, 9, 21 94:6 96:17 133:21 hard 19:19 132:15 harm 43:24 harmed 106:5 harmful 106:8 Hartzell 139:12 hat 80:18 hay 41:4 head 45:23 heal 47:2 healed 45:15 47:3 health 25:8 42:18 44:13 47:4 healthier 54:25	healthy 21:25 41:24 42:19 91:21 hear 32:1, 2 42:7 50:25 63:18 84:4 92:8 94:6 129:7, 11 130:2 heard 11:19 43:1 44:1 59:25 106:11 hearings 8:9 heart 25:13 44:12, 19, 25, 25 73:15 heartburn 123:24 heat 79:22 height 61:2 He'll 53:9 Hello 39:21 help 28:22, 23 49:18 53:23 60:15, 16, 16, 18 67:2 90:5 91:25 106:24 129:24 132:11 137:1 140:2 helped 129:16 helpful 21:19 helping 129:17 helps 17:17 heralds 17:8 herbicide 24:9 40:24 42:24 44:16 herbicides 43:18 heretofore 48:15 hereunto 142:14 Hey 50:19 98:2 113:9 high 40:21 higher 43:4 73:5 highlights 15:7 70:19 hired 16:12 131:25 historical 140:16 historically 30:2 hit 108:21 126:25 hitting 103:18 Hold 85:24 94:13, 14 Hollywood 93:25 home 57:7 122:22 Honeycutt 3:6 42:7, 9, 11, 13, 15 45:25 46:13, 16, 23 47:11 48:1 49:6 52:3, 6, 10, 12, 15, 21 Hong 26:2 honor 35:5, 21 honoring 97:2 hope 24:24 25:5, 22 122:11 123:8	130:4 139:21 hoped 17:15 hopeful 21:22 74:4 hopefully 14:9 15:5 51:14 70:5 80:23 hoping 137:1 139:17, 23 HORSE 1:2 4:24 5:10, 19 6:7, 21, 22 7:10, 11, 12, 15 10:5, 9 14:14, 19, 23 17:5 18:23 25:2, 8 26:6 27:10, 25 34:25 40:11 41:23 54:18 60:8 69:25 70:5 88:3, 4, 18, 19 95:24 97:9, 9, 19, 21, 22 101:1, 1, 2, 4, 6, 9, 14, 22, 23 103:20 104:4, 8, 11, 14, 23, 24, 25 105:2, 3, 5, 5, 7, 11, 18 106:5, 20, 25 107:9 108:14 109:12 110:4, 5, 8, 9, 13, 14 111:10, 11 112:8, 10, 12, 20, 21, 25 113:15 115:4, 6 142:5 horsemen 34:20 37:25 84:23 93:21 105:6 117:18 138:10 horsemen's 29:12 64:6, 16, 23 horseplayers 104:24 horseracing 10:24 11:11 13:13 20:6 44:23 45:5 50:7 57:4, 6 58:2, 3 63:23 68:21 78:15 80:10 horses 13:22 14:1 15:9, 11, 12, 18 16:8 17:12 22:1, 22 24:13, 16 39:23 40:2, 14, 15, 23 41:3, 5, 12, 20, 24 44:11 47:1, 2 48:14 49:14 52:18 69:22 70:8 79:12, 19, 25 88:14 89:14 91:19 94:5 97:25 99:24 106:19 107:6 110:2, 23
--	--	--	---	--

115:10, 14 133:22 host 28:14 120:25 hosts 65:10 hot 17:16 hour 17:8 house 88:16, 25 95:6, 14, 23 96:7, 10, 23 97:4, 5 98:24 99:5, 6, 6 hub 6:16 huge 45:18 108:20 human 19:18 Humane 21:18 22:2 humanly 20:18 21:12 humans 43:11 47:5 Humboldt 122:17 135:20 hundred 113:25 115:10 139:19 hundreds 36:6 43:24 hundredths 75:2 Huntington 61:2 62:12 hurt 124:3 < I > i.e 44:23 idea 94:25 109:5 136:12 140:18 identical 69:18 identified 65:8 identify 63:22 66:5 ignoring 109:1 II 5:20 40:6 41:7 illegal 36:25 37:21 illegality 36:12 imagine 73:19 139:2 imaging 15:20 immediate 103:23 104:12 impact 45:12 65:10 impacted 91:15 Imperial 35:11 implement 15:4 implemented 16:5 84:21 importance 19:1 important 13:25 20:10 47:15 53:2 55:11 79:17 105:18 114:16	impressive 22:14 139:11, 15 improve 47:4 106:22, 25 107:2 improving 73:24 inability 25:2 41:7 inaudible 41:9 65:19 118:13, 13 120:6 127:6 130:18 133:19 136:7 139:17 incentive 69:20 79:8, 11, 16, 16 incident 102:21 104:2 inclined 90:9 include 18:18 23:19 66:23 84:11 86:10 104:23 138:13, 14 included 35:11 59:14, 15 64:8 83:15 includes 118:3, 12 including 139:21 inclusive 5:6, 15, 22 6:9 78:17 income 128:24 InCompass 15:8 incorrect 100:20 increase 18:6, 7, 8 111:9, 12 128:6 increased 16:18 53:21 increases 44:12 increasing 132:19 incur 118:16 incurred 120:13 independently 91:9 INDEX 4:1 5:1 6:1 7:1 8:1 9:1 Indian 122:18 indicates 65:12 indication 30:12 individual 93:14, 20 individuals 10:25 11:23 industry 29:17 45:7, 18 48:20 50:8 55:10 57:4, 6 58:2, 3 138:25 infertility 41:11 infield 80:20 inform 22:16 informal 93:5 informally 93:2 information 47:17 49:20 60:4 86:8	90:21 120:10, 16 121:10 informative 21:7 informed 22:17 ingredient 43:20 initiative 94:24 injured 49:14 injury 15:13 innocent 106:2 108:16 instance 60:25 115:5 instances 115:11 instigated 42:23 institute 89:21 90:6 instituted 89:15 91:16 instituting 89:11 instructed 115:3 instructive 21:19 22:5 insurance 120:17 integral 57:8 integrated 70:21 71:3 integrity 20:5 intent 31:18 intention 29:19 interest 22:8 34:19 interested 13:11 50:18 129:19 142:13 interesting 16:22 64:11 interfering 20:5 Interior 36:3, 23 37:5 38:7 Interior's 37:15 38:2 International 3:4, 18 20:11 25:24 internet 58:23, 23 61:15 interpret 59:17, 18, 23 66:4, 22 interpretation 56:19 59:2, 12 63:9 65:8, 23 interpreted 63:1 67:24 intersect 128:21 interstate 89:12, 17 100:19 introduce 11:15 72:20 introduced 24:23 31:4 invented 40:5	59:8 invested 16:11 investigation 28:4 investment 45:7 invite 68:2 81:19 invites 10:20, 21 11:8 invoke 14:9 involved 13:12 22:11, 21 27:9 110:25 118:17 125:18 127:9 134:23 involvement 129:20 involving 119:1, 20 issue 25:11 26:5 27:7, 23, 24 32:9 34:1 35:17 42:5, 7, 8 46:15 48:14, 24 52:2 55:11 62:24 63:19 65:1 66:18 85:8 86:1 87:6 93:4 101:6, 11 107:8 108:20 110:1 115:17 issues 35:5 44:13 47:4 68:17 93:1 94:15 113:13 114:24 115:1, 20 it , 50:18 item 11:24 55:14 68:19 77:12, 15 82:14 100:9, 24 117:1 121:22, 23 ITEMS 4:3, 12 5:3 6:3 7:3 8:3 9:3 12:5 69:2 134:7 its 8:15, 24 32:20 35:11 83:13 125:17 < J > Jackie 69:1 86:14, 15 87:1 Jackpot 101:8 114:2 Jacqueline 2:13 Jeff 37:10 Jergens 54:21 Jess 98:8, 8 108:8 Jesse 2:6 10:14 jewel 60:17 jewels 60:18 JIMMY 1:11 10:10 Joanne 3:3 23:24, 25 25:18, 19 48:5 job 20:15 21:6 22:9, 12 72:24	73:24 130:22 131:8, 13, 14 jobs 138:4 140:9 jockey 54:18 107:16 108:15 Jockeys 54:13, 17, 22, 25 55:9 Jockey's 3:8 Joe 2:20 3:14 94:19, 22 95:5 John 2:12 3:12, 16, 17 67:5 74:15, 18 76:7 77:7 82:19 85:3 87:5, 10 89:3, 5 140:3, 4, 5 John's 76:8 139:6 Jose 128:19 Josh 95:18, 20 Jude 102:14 106:13 judge 19:3 judicious 20:14 juice 45:15 47:2 JULY 1:15 10:3, 9 24:2 Jumping 111:21 112:3 June 4:5 12:8, 10 18:3 97:21, 21 jurisdiction 105:13 justification 89:7 < K > keep 61:10 109:1 111:13 keeps 109:9 kerfuffle 108:19 key 47:15 kill 40:7, 25 killed 40:7 Kim 3:7 53:3, 4 54:5 kind 14:20 16:16 19:20, 25 33:8 68:11 73:9 93:12 104:4 111:24 112:15 126:13 kinder 13:22 kindly 57:2 103:9 kinds 106:7 King 3:22 78:20 80:3, 5 know 14:9, 10 16:2, 14 17:17 18:13 20:18 21:21 24:5 25:10 27:23 28:9 29:23 32:1, 6 33:15 34:22 35:17 37:20 40:4, 12, 19
---	---	--	---	--

43:15, 23 44:4, 14 46:3 49:8, 19 50:9, 16, 17, 19, 24, 25 51:16, 22 59:12 60:13 61:16, 18 62:22 63:19, 20, 23 64:3, 8 65:18 66:1, 1 70:7, 24 72:10 76:5 79:9, 20 82:21 86:24 88:22 90:9 94:19 95:10 96:16 98:8 99:24 105:3 106:19 107:10 110:21 111:5, 8, 24 112:17, 18 114:11, 15, 15 116:4 122:25 123:11, 20, 23 124:1, 6, 6, 14, 25 125:2, 6, 8 126:15 128:10, 14, 22, 25 129:1, 2, 2, 4 130:14, 18, 25 132:8 133:8, 16, 18, 23, 25 135:5, 7, 10 136:19 137:15 138:3, 4, 7, 11, 22 139:11, 13, 25 140:8, 13 knowing 34:7 70:22 91:19 known 104:7 108:21 112:25 129:14 knows 64:9 90:11 91:25 Kong 26:2 Krikorian 2:4 10:13 12:22, 23 46:21 49:11, 17 65:18 68:6 69:6 78:2, 3 81:24 82:5, 6 87:3, 18, 19 96:6, 10 97:18 98:6 99:3, 15 102:6 107:4, 5 111:17 116:11, 13, 22 124:18 132:25 133:5, 9 134:2, 9, 13 135:14, 18, 22, 25 136:4, 8, 11, 24 137:8, 22 141:1 Kruger 45:14 < L > Lab 13:16 43:3 52:13, 16 labor 19:20 74:20 75:7, 7 118:23, 25	119:2 123:20 126:6 lack 40:10 41:6 ladies 10:4 140:23 Laird 2:14 67:6, 11 lameness 15:13 land-based 28:17 language 86:23 large 29:9 44:24 largest 74:22 118:22 Larry 3:15 69:9 70:15 76:7 78:19 80:4, 9 117:13 118:8 121:17 122:3, 4 125:6 127:21 128:13 132:20 Larry's 132:17 Lasix 107:23, 24 late 56:25 106:8 107:15 latest 104:3 Latin 29:14 36:19 laundering 36:24 Laurel 23:13 Lauri 3:22 78:20 80:2, 5 law 30:11, 18 36:24 37:12 38:3, 7, 14, 14, 17 56:19 62:25, 25, 25 63:9 65:23 66:4 67:20 68:3 89:6 100:18 116:6 125:11 laws 33:10, 18 37:7 138:14 lawyer 66:2 73:15 Lazzaretto 3:9 55:21 56:12, 13 62:14, 17 65:4 67:22 68:5 lead 92:23 leader 53:8 leadership 42:19 leading 105:15, 16 learn 21:7 72:4, 4, 5, 6, 8, 8 learned 71:11 138:16 Lee 54:15 left 40:22 65:5 139:18 leg 101:7 legal 8:15, 24 26:20, 22 27:11 28:7 29:9 30:5, 16, 16 33:20 34:1 38:10 39:14 62:24 63:2 65:22	89:7, 18 90:5 94:6, 11 legalities 34:4 legality 30:12 36:22 38:2 66:2 93:4 legibly 11:12 legislation 57:1 59:18, 20 63:10 65:24 66:23, 24 132:3 Legislative 94:11 legislature 59:19, 20 legitimate 49:23 50:5 110:12 legs 110:2 111:14, 22 Lemon 3:5 39:20, 21, 21 41:19 length 106:12 lengths 106:22 lengthy 93:7 letter 30:11 level 24:22, 25 44:6 92:11 96:2 100:4 108:5 110:23 levels 43:3, 8 44:8 leverage 71:1 liaison 119:22 License 4:23 5:9, 18 6:6 30:9 68:20 76:10, 15 78:15 83:13 86:12 91:10 93:14, 18, 19 95:13 97:15 licenses 34:7 licensing 8:8 9:5 licensure 86:17 Lien 3:17 6:13 82:16, 20, 22, 24, 25 83:9, 12 100:15 life 14:12 43:9 likelihood 31:10 limit 11:3, 3 limited 24:19 limiting 62:8, 19 limits 28:15 93:13 line 123:19 lines 92:10 link 24:24 links 47:21 list 15:13, 14 24:5 32:19, 21 44:3 47:21 listed 24:3, 6 26:8 28:1 44:2 listening 42:14	litigation 8:7, 16 90:1 Litigation , 8:19 little 14:24 17:16, 24 23:6 33:15 41:2 48:19, 21 51:11 55:5 60:3 72:23 74:5 101:12 112:23 live 61:8 64:18 120:11 liver 25:1 44:17, 19 livers 47:3 liver's 44:17 lives 110:24 livestock 43:12 LLC 6:14 82:16 Lloyd 3:7 53:3, 4, 4, 13 54:6, 8 Local 3:12 74:18, 20 81:5 87:10 140:5 located 27:4 67:10 location 30:5 33:4 122:19 locations 26:10 28:17 29:14, 25 30:25, 25 31:21, 22 32:19, 22 63:21 88:14, 21 118:19 119:2, 6, 14, 19, 21, 22 120:2, 5, 21, 23, 25 121:7, 9, 12, 14 127:18 128:12, 20 130:3, 6 133:10 134:5, 10 140:11, 18 logical 127:19 logically 18:6 long 44:12 51:1, 3 52:10 96:13 97:24 98:15 101:6 102:5, 21 104:10 109:14 134:14 136:1 longer 93:9 95:25 97:4 101:13 long-term 43:16 46:2 look 45:13 49:8 50:17 63:4, 7 77:9 110:2 111:14 115:4 123:10 138:11 looking 31:13 49:12 53:19 54:3 69:19 74:2 80:16, 23 81:18 90:16	111:22 112:11 122:15, 18, 19, 20, 21 123:5 125:13 129:4, 8 133:10, 11 looks 19:9 49:12 70:3 Lori 78:23 Los 4:24, 25 5:19 142:2 Losers 81:10 losing 81:11 lost 27:23 102:15 122:6 lot 16:11 17:23 19:19, 22 21:13, 14 51:2 61:8 74:1 75:6 89:5 92:23 99:16, 24 102:24 105:5, 6 106:24 108:17, 23, 23, 24 110:13, 15 112:20 139:9 lots 88:22 lottery 123:18 love 19:20 46:23 57:8 62:14 71:12 80:12 95:15 96:1 low 22:15 24:22 lowered 64:19 luck 54:7, 9 88:1 lull 58:1 < M > Ma'am 52:4, 4 56:7 65:3 machines 36:6 133:15 134:3 Mackie 54:21 Madam 65:4 Maddy 13:16 Madeline 2:5 10:14 36:4 110:19 mail 114:6 main 41:13 128:17 maintain 57:17 75:7 maintaining 38:16 maintains 119:10, 25 maintenance 17:4 120:17 major 32:7 48:14 79:7 making 24:17 30:19 55:4 62:13 67:1, 1, 12 110:11 manage 119:4, 7 management 21:5 29:2 31:7 118:11,
--	--	--	---	---

24 127:8 134:21 139:22 Manager 53:4 54:13 56:13 61:14 70:17 78:21 80:5 117:9 118:12, 13 127:4, 5 131:5, 11, 15, 16 managers 129:15 managing 119:1, 20 mandatory 77:2 Mandella 14:14 manless 140:11, 18 manned 133:7 140:15 MAR 1:9, 12 3:16 10:3, 10, 11 15:3 16:2, 10 19:3 20:8 21:4, 12 23:14 32:6 37:10 53:21 54:14 55:10 85:6, 19 88:17 92:22 93:25 95:20, 23 market 23:10, 15 71:24 marketing 69:11, 12 70:16, 21, 25 71:4 74:11 78:24 80:14 Marten 2:16 3:23 17:25 96:21, 21 97:7 113:4, 4, 18, 22 114:5, 8, 14, 18, 20 Maryland 139:19 massive 43:24 material 48:5, 11 134:7 materials 12:5 25:5, 5 51:7 Matter 1:4 10:24 11:8, 13, 22 13:2 61:22 66:4 67:1 90:10 94:17 95:22 101:15 102:9 110:17 128:6 matters 8:9 9:5, 14 10:20, 22 11:4, 10 127:16 mature 106:24 maxed 139:2 McDonough 2:12 63:5 89:3, 9, 25 McKenzie 37:12 McNally 25:25 26:25 27:9 36:8 38:5, 22 39:9	mean 99:18 106:17 108:16 110:9 111:7 112:11, 15 115:17, 21 133:2 138:3 meaning 45:1 64:6 means 29:23 41:9 71:4 102:3 105:20 meant 31:6 media 70:25 71:6 Medical 2:15 48:2, 3 49:22 51:13, 19, 22 52:1 57:18 108:1 109:23, 24 111:1, 5 113:3 114:19 115:2 medication 19:14 51:15 Medicine 48:9 meet 15:5, 23 32:20, 21 38:6 69:10, 10, 12, 17, 21 70:4, 8, 18, 21 71:2, 7, 8, 10, 15, 16, 17, 20 73:9 74:3 75:1, 1, 19 77:2 78:10, 24, 25 79:6, 8, 24 80:1 81:15 82:12 85:6 88:18, 19, 20 91:2, 2, 3, 4, 6, 8, 8, 12 93:22 95:11, 25 MEETING 1:5 4:24 5:10, 12, 19 6:7 7:5 10:5, 8, 12, 18, 21 11:1 12:6, 8, 10, 21 15:2 17:21 18:15 21:17 22:3, 4, 5 51:15 52:18 56:5 60:6, 20 68:21, 22 78:15 84:19 85:19 88:6 93:2, 9, 14, 23 94:14, 14 97:13 100:6, 6, 7 101:12, 13 121:7 137:23 142:5, 12 meetings 68:15 92:18 93:5, 7 97:24 129:18 meets 79:19 92:21 98:10, 16 125:25 126:2 Member 2:7, 8 59:21 60:3 94:13 members 54:12 55:7 56:16 92:4 124:21, 25 125:4	memory 13:24 113:23, 24 mentally 106:22 mention 21:16 mentioned 21:8 22:7 47:13 92:18 134:19 merit 15:10 met 17:20 128:2 metabolize 41:8 method 29:21 32:3 methods 102:4 Mexican 30:18 38:17 39:1, 2, 7, 11 Mexico 26:8, 9, 12, 21 27:3, 5, 12 28:5, 17 29:9 30:5, 8, 14, 25 31:12, 20, 23 33:10, 18, 20, 23 35:12 36:3, 5, 6, 12, 13, 16 37:5, 18 38:7, 19 Michael 44:18 Mick 16:23, 23 mid 56:25 middle 31:15 midnight 68:16 Mike 2:16 3:23 17:25 53:8 96:21 101:15 113:4 mile 79:4 miles 35:12 134:1 135:16, 16, 16 milk 43:3 millennial 72:1 million 24:15 26:17 44:5, 8, 9 57:22, 25 104:15 108:19, 20 137:20, 20 millions 45:12 mimic 28:14 mind 55:21 73:3 108:9 mineral 45:2 minerals 45:2 47:4 minis 124:14 132:6 mini-satellite 7:22 117:5, 14 121:8, 9, 12, 13, 18 122:10, 16, 23 124:2, 10 125:10, 14 131:24 132:2 134:22 136:20 mini-satellites 121:7 123:8, 12, 21 127:18, 24	129:6, 20 132:22 133:6 134:4 136:12 minute 18:2 41:17 52:5, 7, 7 102:7 112:17 minutes 4:5, 13 11:18 12:7, 10 16:6, 7 41:16 48:4 53:17, 18 77:17, 18 101:8 134:4 MIR 3:4, 18 25:24 35:10 miscarriage 41:11 missed 53:9 115:8 mission 42:17 117:22 132:11 misspoke 100:18 mistake 102:3 107:15, 24 mixed 14:21 mixology 71:17 mixup 106:2 model 32:13 137:21 modeled 80:22 Modesto 122:22 135:20 modifying 124:8 mom 52:16 moment 21:16 momentarily 134:6 Moms 3:6 42:10, 16 47:11 Monarch 26:14 27:14 29:2 31:7, 11 34:20 Monday 53:18 money 16:11 21:13 58:17 64:1, 12, 14 74:5 108:15 126:5 129:4 monies 139:4 Monika 45:14 monitoring 122:11 Monmount 23:13 Monsanto 40:7 44:7 52:6 month 18:1, 3, 5, 8 137:20, 20 139:18 141:6 months 46:7 63:24 86:17, 19, 21 88:12 90:17, 22 92:21 93:10 97:22 98:18 101:12 128:9 130:2, 5 month's 83:20	Moore 3:21 16:12 21:3 54:14, 16 69:11 70:16, 16 73:13, 18 Moreno 54:21 Morey 118:9 morning 10:4 14:14 16:7 22:20 23:25 24:1 25:23 29:1 54:11 56:15 60:5 72:17, 18 78:18 80:4 82:19 111:23 112:1 117:8 Morris 2:20 3:14 94:22, 22 95:7, 10, 16 mortar 122:7 123:12 125:9 126:3 motion 12:12 13:2 77:11, 13 81:23 84:12 85:23 86:6 87:1 115:23 116:1, 10 140:25 motorcycle 71:18 mouth 33:2 move 12:7 22:23 55:13 68:19 86:7 97:22 107:12 123:19 132:5 moved 12:6 130:23 131:25 moves 12:13 77:14 81:24 116:14 141:1 moving 32:5 53:23 78:13 100:8 muggy 17:17 multi-jurisdictional 6:15 82:17 multiple 15:10 31:19 112:7 mutual 139:8 < N > name 11:12, 14, 15 33:8 35:9 39:21 42:15 56:12 80:5 142:15 names 11:20 narrowing 89:17 nation 105:16, 16 nationwide 42:16 NCOTWINC 7:20 117:3, 12, 16, 20, 22 118:2, 16, 22, 23, 25 119:4, 5, 10, 12, 17, 24 120:3, 9, 12, 19 121:6, 12
--	---	---	---	--

122:5 125:16, 23 126:22, 23 127:9 130:15 131:5 132:12 135:25 138:8 near 19:14 nearly 115:1 necessarily 34:3 49:25 92:25 105:16 114:17 necessary 11:16 45:3 79:19 100:20 119:11 120:20 124:11 need 10:19 19:22 37:23 38:18 49:21 55:24, 25 77:8 84:24 94:5 95:2 97:24 108:25 112:23 122:8 123:19 124:13 125:2 133:12 139:10 needed 16:20 20:3 92:11 needs 21:25 22:15 77:4 96:12 99:16 113:1 138:25 139:1 nefarious 109:5, 6, 7 negotiable 135:3 136:22 negotiated 132:19 negotiating 35:3 119:1, 20 neither 142:11 network 29:9 Nevada 36:8 37:6 never 15:12 61:14, 15 115:12 130:25 132:19 Nevertheless 27:7 88:19 new 12:1 14:22 30:8 33:3 39:25 40:18 71:12, 22, 25 72:12 73:25 80:19, 25 81:2, 4 101:21 103:4 121:5 123:8 124:21, 25 125:3, 13 126:13 128:6, 10 132:6, 22 133:1 nice 17:14 70:22 112:11 129:7 nicely 17:13 23:18 night 18:7 68:15 112:9 nighttime 18:5, 10	nine 101:12 140:9 nine-day 78:25 non-GMO 45:6 non-manned 133:3 nonprofit 42:17 nonsense 50:18 normal 83:12 Norte 26:9 28:2 North 83:1 122:6, 15, 24 123:3, 9 129:19 131:1 132:7 136:6 Northern 3:25 7:18, 23 32:10 67:18 70:10 79:22 93:6, 6 117:2, 6, 9, 15, 21 119:3, 12 120:5, 6 121:3 126:1 127:24 128:2, 3, 11 129:24 131:3 132:24 Note 4:11 23:2 noted 128:13, 13 notes 121:21 142:10 notice 128:22 noticed 10:8 17:11 notwithstanding 85:10 November 20:11 83:15 nuances 38:10 number 18:3 22:4 58:16 59:20 92:24 97:12, 14 98:18 104:23 105:24 106:18 120:1 numbers 18:9 23:4, 5, 16 24:21 138:11 numerous 128:1, 8 nutrients 40:9, 11 41:6 nutshell 124:15 < O > Oak 3:20 5:13 68:23 69:9, 21 70:7, 18 71:19 72:21 94:1 oats 53:14 objection 114:1 objectionable 61:20 obvious 51:4 obviously 19:14 20:9 23:11, 15 67:12, 23 94:4	115:17 121:18 135:21 October 5:14, 22 6:8, 9 68:24 78:16, 17 81:16 120:3 offer 42:18 125:14 offered 85:1 134:16 offering 134:10, 14 office 7:13 18:21 101:3, 23 106:3 111:11 officer 131:21 official 13:19 15:16, 19, 22, 24 officially 90:17 off-season 16:12 Off-Track 3:25 117:9 118:19, 25 119:6, 12, 14, 19, 21 120:1, 5, 14, 15, 21, 23, 25 123:13 OffTrackBetting.co m 6:14 Oh 46:16 76:2 102:9 104:5 112:17 Okay 32:15, 25 33:1, 5 34:9, 17 39:13, 19 45:25 51:20 52:4 56:11 63:6 65:21 74:9 76:2 77:18 83:21 84:7 85:17, 20 87:9 95:8, 17 100:7 102:6 108:10 113:22, 22 114:18 115:15 116:3, 13 134:3, 9 older 14:20 onboard 134:11 once 17:7 44:4 47:2 one-eighth 79:5 one-on-one 138:15 ones 14:20 36:14 45:23 46:1 47:15 56:2 113:13 135:20 one-third 57:10, 13 65:11 66:8, 15 67:2 77:3 ongoing 27:14 51:3 122:23 online 83:2 on-track 4:16 23:17 55:15 58:11 62:20, 20 64:13	open 11:13 124:11 140:8 opening 7:13 17:7 23:8, 9, 11 37:10 101:3, 24 103:1 opens 32:21 operate 37:17 44:19 82:24 83:1, 2 133:25 operated 82:22 operating 93:24 131:21 operation 78:23 operational 117:11 118:11 operations 117:19, 20 119:5, 11, 18 131:3, 10, 13, 18 operator 30:8 31:22 33:19, 23 34:4 65:8 operators 57:4 59:13 64:7 121:8, 11 128:3 133:1 opinion 65:22 89:11, 19 90:3, 4, 19 101:15 107:12 138:25 opinions 96:3 opportunity 11:1 17:22 21:3 45:9, 18, 21 52:8 80:7, 13 102:2 124:22 125:4 126:17 127:17 139:5, 25 oppose 140:10, 19 opposed 24:22 31:13 84:19 88:25 optimistic 21:22 128:9 option 24:20 50:10 115:21 Orange 40:1, 19, 20, 22 43:2 order 10:6, 25 27:10 28:8 38:19 39:6 40:9 Oregon 55:3 org 47:12 organ 43:5 organic 46:25 47:8 organically 45:10 48:13 organization 7:21 11:16 39:10 71:13 117:4, 18 121:16 134:17 136:18	organizational 117:11 ought 51:11 63:6 ourself 67:25 outcome 142:13 outdated 61:17 out-of-state 6:15 69:24, 25 82:17 outside 27:4 100:19 135:1 outstanding 69:2 overall 18:8 25:3 126:25 overcome 52:25 overdue 95:2 overnight 69:18 oversaw 120:4 oversee 117:19, 20 oversight 117:22, 23 119:18 120:13 overview 117:11 121:15, 16 overwhelm 47:14 overwhelmingly 101:16 owner 60:9 108:15 110:7 115:8 owners 15:4 34:6 48:12 102:19 106:9 118:4, 10 ownership 34:6 < P > p.m 141:7 pace 113:10 Pacific 35:10 paddock 53:16, 20 pads 14:3 PAGE 4:2 5:2 6:2 7:2 8:2 9:2 13:9 14:22, 23 58:3 paid 26:17 29:16 126:23, 24 135:8 paper 61:6 paragraph 45:4 paramedics 61:9 parameters 89:7 129:2 pardon 42:3 pari-mutuel 61:5 87:10 117:24 118:13, 23, 25 119:1, 4, 5, 8, 11, 13 120:20, 23 126:5, 21 127:4, 12 129:15 131:3, 10, 12, 15, 17
---	--	--	---	--

<p>Park 23:13 57:7, 12 58:4 61:3 93:25</p> <p>part 20:7 34:22, 24 40:1, 19 48:17 57:8 76:1, 16 86:3 90:13 93:17, 18 95:13 98:8 112:1 113:1 129:10 138:8</p> <p>participants 19:18</p> <p>participate 49:18 70:13</p> <p>participated 57:6</p> <p>participating 22:3</p> <p>particular 50:24 65:1 75:21 79:8 89:21 90:7 93:22 104:25 115:5 122:14 124:6</p> <p>particularly 20:10 106:1</p> <p>parties 13:12 81:2</p> <p>partner 60:10, 17 62:4</p> <p>partnered 81:5</p> <p>partnering 123:5</p> <p>partners 31:19 60:23 66:24 67:18</p> <p>partnership 60:11</p> <p>parts 24:15 44:5, 8, 9, 9</p> <p>party 80:25 142:12</p> <p>pass 115:21 131:12</p> <p>Passes 116:23</p> <p>pasture 53:12</p> <p>pastures 53:8</p> <p>pat 20:16 54:21</p> <p>patron 62:9 102:14</p> <p>patrons 118:21</p> <p>pay 28:13 135:4, 5</p> <p>paying 29:11 51:11 123:20 135:13</p> <p>payoff 77:2 104:15 112:11</p> <p>pays 77:1 126:5</p> <p>peak 126:25</p> <p>peculiar 26:18</p> <p>pending 8:7, 16, 18, 25 9:7 53:7 77:11, 14</p> <p>penetrated 123:22</p> <p>pension 61:7</p> <p>people 14:8 22:10, 12, 18 25:16 30:15, 16 34:11</p>	<p>36:9, 17 45:12 50:22 51:2 52:3 58:16, 20 61:8 66:11 71:11 73:24 80:11, 15 81:12 98:17 103:5, 23 104:7 105:7, 25 106:1 110:14, 15, 18, 22 112:21 114:10 123:25 126:15 127:3, 4, 23 129:16, 23 133:22 136:14, 19 139:6, 9</p> <p>perceived 109:7</p> <p>percent 16:18 18:6, 7, 9, 10, 11, 12 57:11, 13 58:7, 8, 9, 10, 12, 14, 14 64:20, 20 65:11 66:8 67:2 70:9, 10 73:5 75:2, 3 113:15, 17, 23 114:1 125:9, 10, 12, 14, 25 126:1, 3, 3 134:19, 19, 20, 20 135:6, 8 136:17 137:17 139:20</p> <p>percentages 134:10</p> <p>perform 124:9 131:14</p> <p>performance 15:14 25:2 40:11 41:23</p> <p>performing 121:8</p> <p>period 6:16 10:23 11:6, 10 23:23 82:18 84:1 89:13 115:20</p> <p>periodically 32:1, 3</p> <p>permits 30:9</p> <p>permitted 16:8</p> <p>person 108:21 130:18, 18 131:1</p> <p>personalities 96:16</p> <p>personnel 8:9 9:14 123:1, 6 139:1</p> <p>Persons 4:11</p> <p>PETA 68:16</p> <p>Peterson 16:23, 23 21:3</p> <p>pets 43:12</p> <p>Phil 2:14</p> <p>phone 59:7 61:23 62:1</p> <p>phones 58:22 61:15</p> <p>phonetic 35:15</p> <p>physically 106:23</p>	<p>pick 75:13, 13 76:10 101:8 104:2 106:6, 6</p> <p>picked 40:6</p> <p>picks 112:8</p> <p>pictures 72:5</p> <p>piece 13:20 56:25 59:18</p> <p>piggyback 122:12</p> <p>pipe 68:11</p> <p>place 17:24 59:5 66:5 69:24 77:15 88:17 118:20 128:10 130:17 142:6</p> <p>placed 15:13, 14 64:18</p> <p>places 23:14 128:10 139:7</p> <p>plan 80:14</p> <p>planning 35:21</p> <p>play 56:20 106:7</p> <p>played 23:20</p> <p>players 23:19 101:14 104:23 105:5, 5</p> <p>playing 110:22, 23, 23</p> <p>Pleasanton 5:12, 13 68:22, 23 69:10 70:18 71:20 72:25 73:20, 24 74:21 79:10 91:12, 13 122:21</p> <p>Please 10:6 11:12, 14 22:25 25:6 45:13 52:8 55:23 56:1 140:1</p> <p>pleased 54:2</p> <p>pleasure 94:21</p> <p>plus 97:16 134:19</p> <p>PMEG 3:12 74:18 140:6</p> <p>podium 11:15</p> <p>point 13:14 16:25 20:9 22:6 35:19 48:21 51:25 58:3 69:16 70:3 71:7 73:1, 7 74:16 79:17 86:10 90:12 99:23 100:2 109:11 110:11, 12, 20, 20 114:2 116:4 121:20 123:14 126:7 135:1 138:23</p> <p>pointed 57:2 127:21</p>	<p>points 16:17 20:23, 25 64:22 110:12 126:25</p> <p>poison 39:25</p> <p>poisons 39:22, 23 41:25</p> <p>poker 71:18</p> <p>police 61:10</p> <p>policies 37:3</p> <p>Policy 2:16</p> <p>poll 101:14 102:17</p> <p>Pollack 71:24</p> <p>polled 102:19, 19</p> <p>Pomona 53:22</p> <p>pool 123:21</p> <p>pooling 26:12 28:5 36:23</p> <p>pools 29:24 31:1 32:5, 7</p> <p>poor 15:14 25:2 41:23</p> <p>popper 13:23</p> <p>population 70:6 128:18</p> <p>portion 58:11, 19 134:25</p> <p>position 30:2 105:1 124:1 136:18 138:20, 21</p> <p>positive 19:7 45:11</p> <p>possibility 111:8</p> <p>possible 20:18 21:12 24:17 106:3</p> <p>post 101:8</p> <p>potential 103:4 121:6, 7, 9, 10, 11, 13 128:3, 12, 21 129:5 130:2</p> <p>potentially 32:9 92:20 129:24</p> <p>power 70:24 126:12</p> <p>powers 37:17</p> <p>practice 16:5</p> <p>pray 20:19</p> <p>precautions 37:4</p> <p>preceded 46:12</p> <p>precedence 36:24</p> <p>precisely 97:23</p> <p>predecessor 132:17</p> <p>prefer 32:3</p> <p>preferred 29:21</p> <p>preliminary 24:19</p> <p>premature 48:22 92:14</p> <p>premise 62:1</p> <p>premises 61:25 62:2, 6 66:5</p>	<p>prepared 17:19 120:3</p> <p>presence 41:22</p> <p>PRESENT 2:19 3:2 10:12, 22 43:1</p> <p>presentation 7:18 56:23 57:21 58:4 117:2</p> <p>presentations 4:13</p> <p>presented 33:19</p> <p>presenting 130:3</p> <p>president 35:10, 10 45:22 54:20 74:18 140:6</p> <p>press 71:5</p> <p>pressure 46:18</p> <p>pretend 33:7</p> <p>pretty 51:4 79:22 91:21</p> <p>prevent 45:3</p> <p>preview 53:18</p> <p>previous 16:24 25:3 84:17</p> <p>previously 93:24</p> <p>prices 28:13, 14</p> <p>primary 123:4 132:1</p> <p>prime 101:6</p> <p>print 11:12</p> <p>printed 48:5</p> <p>prior 7:13 15:18 29:6 101:3, 24 103:1 104:12</p> <p>private 38:3</p> <p>privileges 96:24</p> <p>proactive 128:23</p> <p>probably 16:10 17:8 53:14 61:6 67:7 90:16 107:12 114:10, 11 122:17 123:7 135:19</p> <p>problem 49:19 65:9 86:9 116:9</p> <p>problems 50:23 97:24</p> <p>procedures 124:10</p> <p>proceedings 141:7</p> <p>proceeds 11:1</p> <p>process 13:15 14:4, 15 17:2 46:18 50:11 103:14</p> <p>processes 50:15</p> <p>produce 13:8</p> <p>Producer 13:8 44:7</p> <p>producing 22:12</p> <p>product 19:17 29:22 118:19</p>
--	--	--	---	--

124:13 129:6 133:21 products 36:11 43:18, 18, 22 professionals 55:6 Professions 4:20 55:17 117:17 program 15:9 17:4 22:11 69:20, 24 72:10 79:8, 11, 16, 16, 18 92:22 105:21 118:1 120:9, 11, 14 programs 120:18 prohibit 98:14 prohibits 36:23 project 132:15 projections 121:11 prolong 97:6 promote 127:17, 23 promoting 71:8 72:24 promotion 81:9, 11 pronounce 33:8 Prop 24:5 properly 44:19 105:20 119:6, 25 property 66:14 proposal 24:11 97:9 101:18 proposed 6:20 7:9 66:24 88:3 100:25 101:20 104:3 proposing 24:12 133:1 prospecting 121:6 protect 45:7 91:25 94:5 106:18 107:2 112:5, 5 protecting 45:10 Protection 24:3 94:3 proud 20:6 prove 28:4 49:21 proved 28:6 proven 25:3 44:18 proverbial 103:18 provide 6:22 7:11 24:7, 18 25:5 26:11 28:3, 16 45:19 49:13 57:16 58:16 60:3 61:24 67:3 74:20 88:4 94:3 99:10 101:1 120:16 140:9 provided 25:6 97:14	provides 117:17 119:10, 13, 25 120:19 121:1, 2 providing 57:23 121:9, 11 provisions 18:22 prudent 30:19 Public 4:9 10:20, 23 11:5, 7, 10, 12, 14 23:23 26:5 36:1 37:18 57:15 59:4 90:10 96:20 101:24 102:3 103:10, 14 106:18 107:2, 3 125:2 publically 35:25 54:19 pull 81:13 purchase 83:10 purchased 28:15 purpose 8:5 9:13 91:24 96:19 110:19, 19 122:1 purposes 121:25 purse 108:15 139:3 purses 29:12 64:24 69:18, 19 79:5, 18 88:15 pursuant 4:19 55:17 pursue 24:20 27:10 28:8 pursuing 48:11, 17 push 123:2, 2, 7 put 19:17 21:9, 10, 13 24:14 32:4 33:2 54:1 56:23 72:15 84:4 86:11 95:3, 6 98:10 100:7 108:4 111:2 124:2 125:9 127:22 130:20 133:15 137:13 putting 59:19 73:9 122:16 128:10 136:15 < Q > question 27:20 31:9 32:11 49:2 63:16, 25 64:3, 11 65:17 87:7 90:23 92:23 95:4 96:6 110:21 127:19 130:13 questions 11:23 25:6, 10, 19 27:4, 19 31:2 34:10 39:18 42:3 46:10	51:5 54:6 62:23 65:16 72:14 81:22 92:3 113:8 119:8 121:19 124:24 135:23 139:9 quicker 106:24 quickly 41:18, 19 48:6 quite 63:20 73:6 101:10 quote 61:3 < R > RACE 1:9 5:12 6:23, 23 7:6, 14 15:1, 18 17:4, 10 53:17 58:6 59:3, 5 64:7, 18 68:22 69:17 70:18, 21 71:8, 10, 15, 15, 17, 20 75:19 78:24 79:2, 8 81:13 88:5, 5, 7 92:18 93:14 95:25 97:10, 10 101:3, 22, 25 102:5 103:24, 25 104:10, 13 106:6 107:6, 9 108:14 112:7 125:25 126:1 raced 15:12 race-day 14:15 racehorse 14:13 racehorses 14:17 43:12 48:12 races 17:12 79:1 81:8 106:25 Racetrack 10:10 14:5 16:4, 9, 11 17:5 30:21 32:19 59:4 64:18 66:12 98:24 106:10 racetracks 29:3, 8, 10, 22 30:10 120:6 RACING 1:2 3:17, 20 4:24 5:10, 11, 19 6:7, 14 7:13 10:5, 9 14:19, 23 16:25 17:1 18:4, 5, 10, 11, 21 20:19 21:25 22:1, 21 24:21, 23 25:8 26:6 27:10, 25 28:10 35:1 36:7 54:20, 21 65:12 68:22 69:9, 12, 14 71:12, 24 72:22, 25 74:11, 12 78:19, 23 80:8	81:20 82:16, 20, 22 89:14, 14 92:16, 20 93:13, 20, 24, 25 94:1, 1, 8 96:14 98:5 101:2, 23 106:2 108:25 111:11 118:3 127:22 131:4, 23 142:6 radius 123:24 124:2 128:14, 21 132:18, 21 134:25 135:1 Railroad 35:11 rain 112:16, 18, 18 Rainey 2:21 118:8 132:12, 12, 24 raise 42:17 74:16 92:15 100:2 raised 44:6, 8 94:15 110:21 113:14 raising 43:9 ramifications 113:12 ran 56:6 73:4 131:2 random 15:25 Randy 139:12 range 96:13 rate 40:21 rates 34:21 35:1 reach 97:5 134:21 reached 64:15 84:20 85:12 reaching 8:7 reaction 42:22 104:11, 20 111:16 read 16:10 61:6 101:19 102:9 ready 45:17 real 109:25 136:9 realize 25:7 really 19:6 21:13, 19, 21, 23 22:5, 8, 11 25:11 48:14 55:5 62:17 68:14 70:4 71:12, 13, 21 72:7 73:7 74:2 80:12, 16 81:1, 3 95:14 103:18 106:24 109:8 110:6 114:12 128:24 132:10 137:1 139:8, 11 realm 48:20 reapprove 46:5 re-approved 46:6 reason 28:1 59:16 76:25 83:7	91:14 104:5 129:10 140:7 reasonable 35:1 55:1 61:19 96:18 124:4, 9 reasons 36:24 115:18 139:6 recall 74:14 receive 8:14, 23 14:17 58:13 64:19, 20 received 30:11 48:5 57:21 receives 50:7 receiving 8:6 38:13 50:15 reciprocate 97:3 reciprocation 97:1 recognize 34:1 recognized 51:23 93:13 recognizing 85:8 recollection 114:23 recommend 46:24 94:10 recommendation 51:8 88:24 reconciliation 23:7 record 11:17 94:23 100:21 136:9 recorded 44:13 recovered 47:6 reduced 16:2 132:18 reduces 16:4 reduction 34:21 70:8 reel 72:23 refer 57:1 references 47:17 referred 65:25 102:17 129:18 referring 56:23 reflect 83:4, 18, 19 114:17 refresh 64:14 regard 85:12 118:15 119:16 120:8 121:5 regarding 4:15 6:20 7:9, 18 8:16, 25 25:13 26:5 37:11 43:13 55:14 88:2 100:25 117:2 120:10 regardless 104:25 105:9 regards 20:1 27:3
---	--	---	--	--

89:16 90:1 Regional 54:13 regions 27:16 REGULAR 1:5 10:8 15:6 23:19 126:19 regularly 60:15 regulates 36:5 39:3 regulation 13:13 89:21 90:7 Regulations 2:16 84:4 94:11 regulator 32:18 regulatory 38:15 reimburse 67:3 reinstitute 90:6 reiterate 96:1 rejoining 102:12 related 42:18 51:18 120:17, 23 142:12 relating 121:10 relationship 21:23 29:19, 20 30:23 31:11 36:11 38:18 relatively 22:15 release 44:24 released 44:22 releases 71:5 relies 117:23 rely 61:12 Remarkable 73:20 remember 33:7 86:14, 16 104:1 106:5 113:10 124:20 remind 15:1 124:16 removal 83:18 88:13, 14 re-negotiated 135:8 renewal 82:23 83:9, 13, 23, 25 renovating 16:11 renovation 17:2 rep 123:3 repeats 11:25 replicated 137:22 replicating 17:4 Report 4:7 13:3 23:21 71:24 REPORTED 1:24 7:12 101:2, 23 103:1 115:7, 7 reporter 11:17 reports 4:9 119:13, 14 121:1, 2 represent 39:2 138:8	representative 114:13 139:9 represented 26:13 35:24, 24 37:21 representing 36:12 represents 27:15 59:21 reputable 30:13 request 4:16 17:22 38:23, 24, 25 39:15 44:7 55:15 62:8, 8 63:2 67:13 85:9 requested 38:22 39:7 83:17 requesting 74:23 requests 4:10 63:8, 12 require 15:20 43:19 88:18 101:21 required 118:18 120:1 requirements 74:23 121:9 requiring 45:8 research 47:9, 16 50:3, 15 71:21 94:6 researcher 50:17 researchers 50:5 researching 42:22 residents 64:21 residue 44:5 resolution 35:4 resolve 119:8 resolved 63:21 resonate 125:1 resource 132:10 resources 139:1 respect 12:10 29:6 34:3, 4 51:9 65:22, 24 67:8 91:16 respected 37:7 respective 68:14 respond 107:13 response 14:9 26:23 27:2 56:19 103:23 responses 114:5, 9, 10 responsibilities 7:20 117:4 118:22 121:16 123:4 responsibility 118:16 126:12 132:1 responsible 118:24, 25 119:17,	19 120:9, 12, 14, 16 121:6 rest 20:13 127:10 restaurant 133:20 134:23 restrict 96:25 restricted 4:12 result 107:14, 16, 17, 18, 25 108:1 results 44:20 101:16 107:21 108:3 139:15 retain 79:25 return 11:19 revenue 58:15 61:4 120:25 121:2, 3, 11 133:16, 20, 24 revenues 58:13 reversal 104:5, 6 review 38:7 51:7 67:7 90:14 reviewed 100:13 reviewing 46:17 67:6, 6 93:4 reviews 30:7 Richard 14:13 123:3 127:22 128:7 132:1 Rick 2:11, 15 3:24 21:2, 8 42:14 51:16 111:19 113:14 ride 55:6 rider 18:23 riders 14:1 19:5 22:20 riding 13:20, 24 19:8 106:19, 20 right 12:4 17:6 22:23 25:22 26:19, 22 28:22 29:10, 12 34:11 37:3, 4, 15 38:19 39:5 44:23 47:4, 13, 24 48:25 49:14 55:13 63:13 65:20 76:18 77:10 78:13 84:6 87:24 98:6 99:9, 12 100:8, 8 104:12 105:3, 17, 24 106:21 109:16 113:5 116:8 118:2, 7 122:15 128:16 130:8 133:7 134:6 136:8 137:5, 7 138:24 140:3, 22	rights 28:15, 16 rigorous 50:11 risk 37:19 96:17 risks 42:18 roads 57:17 61:24 65:13 Robbins 54:20 Roberts 36:15, 15, 19 role 32:17, 18 33:9 room 14:7 15:2 22:18 64:4 65:1 Rosa 128:19 Roundup 24:4 40:10 43:18 44:7 46:3 routine 112:1 Ruano 2:7 10:15 77:23, 24 82:1, 2 87:22, 23 94:12 99:18 116:12, 14, 21 Rubenstein 3:16 95:20, 20 Rule 6:21 7:10 11:3, 4 13:24, 25 36:2, 22 37:14 38:2 75:12, 13, 14, 18 76:14, 22 88:3, 25, 25 89:12, 15 91:5, 16, 20, 24 92:10 93:13, 16, 24 95:3, 6, 14, 23 96:8, 11, 13, 15, 23, 25 97:2, 3, 4, 4, 5 98:24, 25 99:2, 4, 5, 6, 6, 8 100:25 101:20 103:4 105:13 111:23 124:9 140:14 Rules 13:17 52:11 76:17, 22, 24 88:16 run 15:11 20:6 29:8 30:3, 24 31:21, 22 67:4 68:15 69:21, 22 71:18, 19 79:12, 13, 14, 19 108:14 134:4 running 69:25 73:12, 16 97:20 101:7 104:12 105:3 131:10 runs 64:16 Russell 3:5 39:20, 21 Rutes 35:15 < S >	Sacramento 79:20 122:20 123:23 saddles 14:3 safe 20:18 21:12, 25 43:15, 23 safeguard 18:23 112:2 safeguards 15:5 17:23 safer 54:16, 18 safety 14:1, 4 15:25 19:14, 18 22:19, 19 25:11 43:13, 19 44:14 57:16 59:4 61:7 salaries 61:7 sale 53:16, 20, 24 54:2 sales 29:3 53:22 salesperson 138:21 Salinas 136:7, 7 Sammy's 137:20, 21 139:6 sample 114:13 samples 24:12 49:14 50:12 52:13, 16 San 17:20 21:18 22:2 53:9, 11 123:23 128:19 Santa 3:14, 24 5:20 16:13, 17 32:6 57:7, 8, 12 58:4, 6, 7 59:3 60:13, 15 61:3 62:13 65:13 67:8 88:17 92:20 93:24 94:22, 24 97:20 98:9, 15 101:7 103:24, 25 104:17 111:20 128:19 134:24 139:12 Santiago 3:4 25:21, 23 29:6 38:22 Santiago's 33:2 sat 137:3 satellite 61:16 117:14, 25 118:17 119:2, 3, 19, 22 120:8, 10 121:5 123:11 127:11, 12 133:1 140:8, 15 satellites 121:10 122:7 129:17 satisfactory 63:1 satisfies 135:11 sauerkraut 45:15 47:2 saw 65:5, 7, 7
---	---	---	---	---

<p>saying 20:15 33:3, 6 39:6 49:15 53:13 76:21 92:25 94:24 105:2 106:20, 21 107:1 says 32:22 50:19 57:10 58:4 91:1 97:11 scale 54:23 scan 15:20 scenario 78:22 schedules 92:17 scheduling 127:16 Scheidt 123:3 127:22 128:7 132:1 School 48:9, 16 scientific 50:12 51:23 scientifically 44:18 50:8, 14 114:12 scope 62:8 89:17 Scott 2:22 13:8 28:18, 25 29:1 31:7, 9 36:10, 13, 17, 19 37:23 SCOTWINC 128:23 130:14, 15 scratch 16:19 101:17 103:20 105:2 106:1, 8, 8 107:14, 15, 17, 22, 25 108:2, 4 110:13, 14 113:10, 12, 15 scratched 7:11 101:1 104:12, 16 110:8 112:12 scratches 103:25 scratching 110:9 115:13 screen 24:19 scrutiny 15:10 search 14:19, 21 season 16:6 18:14, 15 seasoned 71:23 72:12 seat 11:19 seats 10:6 secluded 43:11 Second 2:5 10:14 12:14, 19 19:13 27:20, 22 28:18, 21 31:8 32:14 33:5, 14 48:18, 25 49:4, 8 51:16, 20, 25 54:7 56:6 63:14, 16 64:25</p>	<p>68:9 70:2 77:19, 20 78:6 80:19 82:9 83:7, 10, 14, 21, 24 84:3, 9, 14 86:2, 7, 18, 22 87:2, 3, 16 95:4, 8, 12, 17 98:7 104:8 105:8 108:11 109:12, 16 116:12, 18 121:24 124:16, 19 125:16, 20 126:7, 10, 22 127:1, 14 128:16, 22 130:1, 10, 19, 23 131:7 132:8, 23 133:4 137:5, 10, 13 seconds 12:15 77:21 81:25 116:14 141:2 secretaries 54:22 Secretary 36:3, 22 37:4, 14 38:2, 6 section 8:10, 20 9:9, 16 55:18 57:3 sections 4:20 secure 36:18 see 14:18, 25 32:12, 13 35:4, 5 47:16 48:10, 10, 16, 16 49:13, 19 57:20 63:7 72:3 80:12 95:13, 15 96:23 102:11 105:20 110:4 115:4 116:25 124:12 132:10 136:13 141:5 seen 32:2 33:21, 25 71:9 segment 14:2 Seider 53:8 select 53:24 sell 138:22 selling 53:6 send 32:20, 21 52:12 90:10 91:22, 23 94:10, 25 98:20 114:9 115:24 116:1 sending 103:10 109:21 116:24 senior 118:14 127:5 sense 38:20 84:2 sensible 83:22 sent 32:23 52:16 92:13 99:25 113:23 separate 28:12 86:5 98:10, 16</p>	<p>September 5:5, 6, 14, 21 68:23 Seralini 25:12 series 31:21 79:2 113:8 serious 105:4 107:8 136:13 seriously 19:21 113:11 134:5 service 119:2 139:8 services 26:11 57:16, 18, 23 58:16 59:4 61:9 118:1 119:21 120:4, 20 serving 119:21 131:11 Session 8:5, 14, 23 9:13 set 138:12 142:7 setting 115:18 seven 46:17 94:1 105:24 133:10 134:5 sewer 61:2 68:11 Sex 7:10, 12 101:1, 2, 22 110:5 115:4 shake 60:21, 22 68:8 shame 139:17 shape 91:21 share 17:22 29:11 48:8 64:6, 7 65:11 shared 133:21 sharing 129:22 133:16, 24 sheet 11:7, 9, 13, 13 73:2 Sherwood 3:20 72:21 ship 97:25 98:1, 3 ship-and-win 92:22 shock 62:16 short 13:8, 11 41:5, 8 88:12 113:23 shorter 13:21 shorthand 142:7, 10 shot 109:14 show 13:11 14:16 24:24 44:15 73:10 85:15 88:20 106:7 showcasing 81:3 showed 23:20 45:14</p>	<p>showing 43:24 73:2, 25 shown 43:5 44:21 47:5 shows 13:15, 21, 23 16:24 shrinks 126:11 shut 37:5 side 69:14 78:23 123:20 131:20 133:14, 16 sides 34:2 48:24 sign 23:18 signal 23:14 32:20, 23 38:13 signals 28:16 29:16 30:20 36:19 117:23 118:15 significant 58:19 85:5 96:22 significantly 16:16 sign-in 11:7, 9, 13 silent 58:25 similar 80:15 89:15 simple 13:11 51:1 56:18 109:25 simply 33:16 64:17 79:17 123:1 124:1 131:23 133:15 135:12 simulcast 23:10 26:6 27:24 28:16 29:3 32:20, 22 117:19 120:11 132:2 simulcasting 100:19 137:18 singled 112:8 Sir 52:10 68:5 92:6 sit 20:16 21:3 112:3 136:24 site 26:8 28:1 82:24 121:8 128:1 sites 26:7, 12 28:2 38:13, 15 122:14 123:16 128:23 sitting 66:12 112:6 132:6, 9 situation 15:19 37:2 38:12 79:10 92:19 94:2 102:20, 23, 24 103:21 six 79:3 92:21 93:10 94:2 97:22 98:18 103:6, 23</p>	<p>105:23 109:4 126:1 128:9 sixth 53:20 size 92:15 103:21 sizes 91:25 skimmed 48:6 skin 108:17 slam 138:17 sledgehammer 103:19 slings 19:22 slot 36:5 slowed 46:18 slower 33:15 small 77:12 smaller 32:10 so-called 43:13 social 71:6 Society 21:18 22:2 softer 13:22 sold 82:22 Solis 2:8 10:15 12:15, 16, 17, 24, 25 19:2 20:25 47:9 54:17 77:14 78:8, 9 82:10, 11 87:13, 14 90:23, 25 91:6 92:14 99:20 106:15, 16, 17 116:15, 16 solutions 42:19 45:17 solve 110:1 solved 50:22 solves 116:9 somebody 31:12 49:25 50:4, 13, 19 61:21 62:10 97:19 100:1 108:6 109:5 130:17 136:15 someplace 38:14 son 42:21 52:25 sons 47:6 soon 77:16 sorely 53:9 sorry 24:14 27:22 33:14 56:7, 7 87:5 90:25 98:9 102:9 111:15 sort 28:11 50:15 source 114:14 129:5 south 122:10 123:6 124:15 130:16 Southern 32:7 129:17 SP-14 117:16</p>
---	--	---	---	--

140:13, 14	staffing 122:25	strength 23:10	67:23 90:5 94:24	takes 44:9 52:12
SP-17 117:16	127:3	strictly 11:2	98:5 106:17	90:11 138:19
Spain 36:1	stage 20:11	Stronach 2:20	127:12	talk 35:7 41:2
SPCA 17:21	122:15	138:8 139:21	supporters 47:15	88:22 104:19
speak 11:1, 9, 17,	stagger 15:23	strong 52:23	supporting 59:25	113:2 117:13
21, 24 34:12	stake 69:17 79:1	stronger 54:25	74:13 78:24	122:25 138:15
47:20 52:8 67:25	stakeholders	strongly 112:24	supportive 139:20	talked 18:17
92:2 94:19, 20	18:15 60:11 96:3	115:1	supposed 111:24	29:15 37:9 124:5
96:2 102:8 104:2	stakes 7:6 79:4,	structure 118:2	Supreme 89:16	talking 62:10
108:7 121:17	18 88:7	stuck 73:3 98:18	sure 17:12 21:24	72:7 76:8 80:14
140:4	stall 16:2	100:1	27:21 28:9 31:4	95:10 109:19
speaker 11:3, 25	stand 136:22	studies 24:8, 9	33:17 53:15 57:5	126:20, 21 127:1
12:1, 2 29:6 39:20	standard 85:18	43:16, 24 44:15	67:24 77:20	133:6 134:3, 17
speaking 26:4	standing 28:1, 22	45:22 46:2 47:13,	85:16, 25 90:2, 2	135:15 136:5, 25
special 13:20	35:14	22 48:23 49:7, 24	91:7 94:8 98:11	137:22, 23
specialist 66:3	Stanley 24:18	50:3, 4, 12 51:18	107:21 110:22	talks 13:24
specializes 138:14	start 23:24 53:6	study 25:13	119:24 125:2	tap 43:2
specific 27:3 31:2,	70:1, 2 71:8	45:14 49:18 50:4	127:20 132:9	tax 57:15 61:11
8 32:11 38:24	123:2, 15 138:16	stuff 19:3	surface 54:16	team 26:20
93:18 101:15	started 15:15	subject 91:5	107:17	teamwork 102:24
132:25	16:19 17:3 80:17	submit 50:6 91:9	surrounding 22:1	technically 35:20
specifically 27:13	92:14	108:18	survey 113:8	64:5 98:11
46:21 56:22	starts 16:16	submitted 90:14	114:4, 6, 8, 25	technologies 56:20
93:15 113:9	24:22 73:9 90:12	subparagraph	surveys 121:8	technology 58:20
135:15	STATE 1:1 6:24	101:21	128:1	60:12, 23 123:15
specifications	15:22 79:2, 25	subscribed 142:14	Swartzlander 3:15	Televisa 35:25
13:21	88:5 91:23 92:10,	subsidies 88:15	69:8, 9 76:9, 12,	tell 30:15, 16
specified 75:19, 22,	15 93:15, 16	substantial 34:20	21 77:9, 17 78:18,	50:22 61:25 62:1
24 76:9	95:24 97:1, 10, 17	107:8	19 117:13 118:8	68:9 125:7
speculation 48:7	99:25 100:1	substantially	122:4, 4 125:8, 18,	126:17 129:11, 13
spell 66:25	105:23 137:16, 18	111:9, 12	22 130:12, 25	139:11
spend 21:4 110:24	140:13 142:1	suburbs 123:23	131:20 133:2, 8,	tellers 119:7
spent 68:10	stated 11:5 76:15	success 74:2	11 134:8, 12, 18	127:12 133:12
133:18	140:11, 15	122:12 124:14	135:17, 19, 24	telling 48:20
spirit 20:5	statement 133:2	successful 70:12	136:2, 6, 10, 21	115:1
spirits 71:16	States 27:12	71:9 80:1 122:11	137:3 140:24	tells 63:18
spite 107:11	35:13 36:25	139:7	sweet 13:11	ten 69:22 77:17,
split 64:1, 3	37:22 42:23	sudden 44:22, 24	switch 32:12	18 79:13 135:7
spoke 84:18	64:17 89:13	112:10	switching 31:11, 17	term 86:20
100:13	97:13 105:14	suffer 108:16	sword 103:2	123:16
spoken 67:22	stating 11:15	sugar 41:8	symptoms 47:7	terminals 120:1
sport 25:8	statistical 119:13	suggest 38:9	system 133:19	terms 19:16
sports 28:10 36:7	status 7:21 69:2	95:14	< T >	27:11 63:21 85:1
81:6 122:21	117:4	suggested 51:12	table 58:5 132:9	134:10
133:20 134:23	stay 52:11 88:18	suggesting 22:3	tablet 59:7	terrific 22:9
spots 16:20	108:14	67:15	take 10:6 17:12	test 41:20, 21
sprayed 42:25	stay-at-home 52:16	suggestion 137:24	21:16 25:6 41:17	testing 41:20
spread 79:2	steers 73:16, 17,	summer 18:20	48:8 50:12 63:6	42:23 43:19
spreading 55:3	18, 19	70:8, 21 71:1, 7	77:15 81:11	tests 52:16, 18, 20
spring 44:6 60:1	stewards 14:12	superintendent	90:14 92:3 96:23	text 72:5 81:7
ss 142:1	15:25 101:21	16:14	102:7 105:19	142:8
St 102:14 106:13	steward's 15:14	superior's 103:21	110:8 114:16	Thank 13:5
stables 98:1	stimulates 98:4, 5	supervision 142:9	121:18 122:2, 8	19:10, 11 20:21,
stabbling 79:9	stipulated 97:14	supervisor 119:4	134:22 138:20	22 21:9 22:2, 10
96:24 121:4	Stock 36:1	supervisors 119:5,	139:5 140:1	23:22 24:1 25:15,
STAFF 2:10, 14	Stockton 122:22	24 120:15 127:10	taken 16:24	18, 20 27:17, 18
20:24 39:14	stood 114:3	supply 42:22	29:12, 16, 16	28:23, 24 34:18
56:16 86:15	stop 33:21 46:24	supplying 61:9	104:3 114:22	35:8 38:8 39:16,
96:21 113:4	98:17	support 42:18	139:13 142:6, 7, 10	17, 19 42:1, 2, 11,
118:11 127:2, 8	storm 20:10	49:13 59:24		12, 13 45:19 46:9
staffed 119:6		62:18 63:9 66:24		47:25 48:1 49:9

52:21 54:4, 5, 8, 14, 19 55:7, 8 56:10 68:5, 11, 13, 18 69:6 70:15 72:13 74:9, 17 75:6 77:7 78:10, 12 80:3, 7 81:21 82:12 83:6 85:22 87:11, 24, 25 92:6 94:9 95:17 96:4 100:22, 23 106:13 116:24 129:22 140:20, 21, 23, 24 141:5 Thanks 36:17 theirs 86:18 theme 127:25 thereof 142:13 thing 14:14 16:22 23:2 26:19 53:2 61:12 66:17 68:7 70:22 73:3, 7 75:9 108:12 112:3, 22 130:14 140:7, 10 things 13:12 14:3 18:16, 17, 23 21:7, 8 47:1 49:9 54:16 58:2 60:11 73:1, 25 75:10 92:23 93:11 96:20 98:3 99:22 107:8, 14 123:10 128:5 131:18 138:17 think 15:10, 22 17:6 18:22 19:5 20:4, 13, 24 21:5, 20 22:13, 14 27:6 30:12 31:6 36:10 38:17 39:6 40:22 41:22 42:4, 7 48:18, 19 50:8 51:6, 23 52:25 53:11 55:1, 6 59:14 60:19 61:20 63:17 67:5, 5 69:4, 4 72:7, 11, 25 74:3, 6, 15 75:12 76:25 77:10 85:5, 9 86:3, 25 88:10 92:2 93:1 94:25 96:12, 22 98:9, 14 99:7, 23 100:3, 8 101:12 102:16, 21 103:18 104:9, 10, 21 105:12 106:17 107:10, 23 108:19, 25 109:1, 6, 9 110:11 112:4, 4, 6,	23, 23 113:1, 18, 25 114:15, 22 115:18 116:3 121:21 123:16 124:4 126:15, 15 128:25 136:11 137:16, 24 140:3 thinking 112:15 third 37:10 53:24 91:2 Thomas 3:10 thoroughbred 24:21 54:22 60:8 85:11 92:7 102:11 118:4, 10 125:25 thought 56:4 99:16 100:18 thoughts 54:6 thousands 47:14 three 4:12 11:18 16:24 17:4, 7 35:15 41:16 64:22 79:3, 4 109:4 122:6 127:4 128:20 129:7 131:1 three-minute 11:2, 3 three-quarters 57:24 throw 112:12 THURSDAY 1:15 10:3, 9 73:23 ticket 123:18 tickets 81:12 ticking 90:12 tie 71:4, 5 tied 64:16 127:15 Tim 36:8 38:5, 22 39:9 139:16, 18, 23 time 11:2, 3 12:5 19:4 21:4, 14 24:6 25:15 32:20 45:5, 7 50:23, 25 51:14 52:22 54:4 59:13 61:6 63:5, 20 66:21 68:14 69:25 84:18, 25 89:1, 13 90:13, 18 93:18 101:6, 8 102:1, 2, 14 104:10 105:10 112:16, 25 118:18 131:23 136:19 137:9 142:6 timed 16:8 timely 11:1 times 19:3 30:4 43:4	Timothy 25:25 tissue 24:12 title 13:16, 17 titled 13:16 TOC 3:11 34:18 64:10 72:10 84:16 85:5, 12 86:3 100:12, 15 123:3 TOC's 85:9 today 10:22 23:6 26:3 56:2, 17 57:24 72:7 90:9 92:13 103:9, 22 136:25 138:6 today's 10:12 57:22 told 23:17 30:4, 8 37:21 43:14 53:14 112:18 Tom 3:19 36:15, 15, 19 54:20 60:3 tomorrow 15:2 tool 28:12 tools 25:7 top 37:13 44:2 topic 124:6 Total 58:8, 9 79:5 122:25 125:14 totalizator 117:24 119:16, 18, 20, 25 120:4 tote 119:22 touch 70:19 town 122:22 toxicity 24:25 toxicologists 48:9 toxin-free 45:6, 8 toxins 40:18 41:14 42:18 43:10 44:22, 23, 24 TRACK 1:9 7:19 13:19 14:4 15:17 16:14, 15, 17, 25 19:6, 8, 14 21:4 25:11 44:14 54:16 57:19 58:17, 17, 20 61:8, 21 62:6, 9 63:22 65:10 66:25 67:4 70:9 72:1 73:5 75:11 80:21 82:16, 25 83:1, 2, 19 85:6 117:3 136:9 tracks 21:11 26:13 28:14 29:11 32:7, 21 64:23 67:10, 23 85:11 99:3 106:4	120:25 traded 35:25 tradenam 24:4 trades 36:1 tradition 80:10 traditional 65:1 73:21 traffic 16:4 Trainer 14:13 106:4 111:9 115:8 Trainers 69:21 91:19 92:7 102:11, 18 106:9 110:2 111:13, 22 training 53:19 transactional 37:2 transactions 35:11 134:7 transcribed 142:8 transcript 142:10 transfers 120:24 transition 53:22 123:15 transmit 118:18 transponder 118:18 treated 62:6 66:6 Tree 3:20 5:13 68:23 69:9, 21 70:7, 18 71:19 72:22 94:1 tremendous 29:5 45:9 111:2 triad 37:25 triggered 104:14 triple 79:21 triple-digit 70:11 trucks 17:9 true 7:12 46:12 49:19 52:3 101:2, 22 103:25 104:14 truly 74:24 trust 109:8 try 20:17 126:12 trying 19:16 22:16 62:20 81:8 105:20 110:1 124:20 127:17 136:19 Tucker 57:1, 3, 10 58:23, 24 59:2, 24 60:10, 24 61:12, 13 62:25 63:9 Tuesday 53:25 Tulare 122:19 Turf 5:20 17:13, 17 26:9 28:2 turn 60:2 69:15 70:14 turning 20:1	turnout 70:5 turns 74:19 TV 71:6 TVG 71:25 tweaking 54:24 Twenty-one 136:2, 4 twice 46:1 84:5 two 6:16 19:3 25:15 34:2 35:16 44:5 52:12, 17 63:8, 12 69:23 75:10 76:16, 23 78:25 79:14 81:10 82:18 98:10, 16 115:9 122:6 125:24 126:2 128:20 two-year-olds 69:17 Type 41:7 75:23 133:24 typically 70:20 < U > U.S 26:23 29:10, 11, 25 30:9 33:18 UC 24:18 48:10 51:9 ultimate 110:7 umbrella 13:17 umpteenth 102:13 unacceptable 52:19 unanimity 114:25 unanimously 116:23 uncertainty 108:24, 25 undermining 25:8 understand 30:14 38:16 52:14 63:8, 10 67:14 86:25 91:14, 18 100:10 125:4 134:2 understanding 18:25 28:12 68:2 74:21, 25 understands 100:20 understood 97:25 undertapped 133:12 unfair 60:25 unfortunately 26:3 44:23 unfounded 43:23 unhappy 110:14, 15 uniform 99:8
--	---	---	---	--

union 140:16	33:5, 14 46:21	14, 15, 24, 25	way 16:20 20:6	19 36:12 38:1
unit 89:19 126:14	48:18, 25 49:4, 8,	118:16, 19, 20	26:22, 22, 22	42:16 52:11
United 27:12	11, 17 51:16, 20,	119:7, 12, 14	31:11 35:19 50:1,	53:19 54:1, 3, 24,
35:12 36:25	25 54:7, 20 56:6	120:1, 9, 11, 21, 24,	14 52:10 63:1	24 55:13 56:17
37:22 42:23	63:14, 15, 16	24 127:11, 12, 25	65:14 69:7 76:14	57:14, 15, 16, 17
105:14	64:25 65:4, 18	140:8, 15	84:10 92:12 97:8	58:14, 22 59:1, 11,
unmanned 123:16	68:6, 9 69:6	wagers 28:13	98:4, 15, 16	19 60:16, 21, 23
unnecessary	77:20, 21 78:2, 3,	29:24 62:9 63:22	103:10 105:17	61:9, 18, 19 62:3,
108:24	6, 7 81:24 82:5, 6,	64:17, 21 76:9, 21	109:1 129:7	4, 20 64:5, 5 65:2,
unreasonable	8, 9, 10 83:7, 10,	100:15 106:7	131:16 138:24	10 66:7, 23 67:12
61:20	14, 21, 24 84:3, 9,	Wagner 2:13	140:1 142:12	68:8 69:4, 5
untoward 110:19	14 86:2, 7, 18, 22	86:15, 15, 20	ways 49:23, 24	70:23, 24 71:5, 7,
unusual 115:5	87:3, 15, 16, 18, 19	wait 52:4, 7, 7	72:11 108:17	16, 18, 22, 25 72:2
update 69:1 83:18	95:4, 8, 12, 17	94:21 112:17	Wayte 3:25 117:8,	74:2, 3, 6 79:19,
updated 82:23	96:6, 10 97:18	waiver 117:24	8 118:12 125:23	22 80:19, 23, 25
uplink 118:17	98:6, 7 99:3, 15	walk 61:22	126:9, 20, 24	81:2, 17 83:12
uproar 101:10	102:6 107:5	123:17	127:3, 20 128:17	90:18 92:8 95:10
upset 114:2	108:11 109:16	walked 76:8	129:13 130:4, 9	104:19 105:15, 16
upside 18:19	111:17 116:11, 13,	want 14:16, 18	131:2, 9	109:8 110:1
urine 24:12 43:2	18, 22 121:24	15:1 18:13 20:8	weaker 40:15	111:22, 25 112:14
use 20:20 41:13	124:16, 18, 19	21:9, 16 22:2	weather 17:16, 17	113:5 115:11
47:1 75:16 76:3	125:16, 20 126:7,	23:23 27:13, 15	web 13:9 14:22,	116:23 122:15, 18,
78:22 91:3 129:2	10, 22 127:1, 14	28:3, 7, 25 29:5,	23	19, 20 123:5
usual 102:4	128:16, 22 130:1,	18 30:3 32:4	website 44:1	124:4, 15, 17
utilized 69:20	10, 19, 23 131:7	33:2, 17 34:13, 13,	47:10, 11, 17	125:13 129:4
< V >	132:8, 23, 25	15 42:13 46:11	82:21 83:5	130:9 132:5, 6
Valenzuela 3:12	133:4, 5, 9 134:2,	47:14 50:18, 24	Wednesday 23:11	133:11
74:15, 17, 18	9, 13 135:14, 18,	60:13, 18, 19, 22	53:17	Western 54:13
75:20, 23 76:2, 25	22, 25 136:4, 8, 11,	65:18 66:15	weeds 40:7 41:1	We've 13:13
77:5 78:12 87:6,	24 137:5, 8, 10, 13	68:10 69:6 70:19	108:13	14:11, 13 15:22
9, 10 140:5, 5, 21	141:1	72:4, 4, 5, 6 73:7,	week 73:10, 22	18:20 29:15, 18
valid 50:14 99:23	videos 13:8 14:7	23 75:16 76:7	79:21, 23	30:7, 18 33:24, 25
110:20	22:6 72:6, 6, 9	77:13 80:7 85:3,	weekend 73:10	34:8 54:1 63:19
validity 50:21	Vietnam 40:20, 21	23 86:6, 11 90:2	79:21	66:18 68:16
Vallejo 122:21	view 30:22 60:9	94:3, 7, 20, 20, 23	weeks 52:12, 17	71:11 74:22 79:9,
valley 80:11	62:4, 5 63:2, 7	95:18 98:2, 3, 18	88:20 93:25, 25	10, 18 85:1 93:5
valuable 43:12	98:9 114:16	108:12 109:22	94:1, 2	102:20, 21 105:22
valued 80:10	views 45:22 52:23	110:22 112:20, 21	weighing 14:2	109:6 112:5
Vanning 121:4	violation 38:17	113:6, 11 115:14	weights 14:2	122:6, 8, 11 128:8,
variant 93:18	89:12	123:7 124:2, 3, 13,	54:23 55:1 107:7	11 129:14 132:4,
venue 79:7 122:21	vital 41:6	16 125:7 134:24	welcome 56:4	6 137:23 138:15
verify 28:7	void 122:8	135:11, 19 138:23	well 11:5 31:16	WHEREOF
versa 17:10 31:24	131:19 132:4	wanted 23:2	39:13 46:15 47:5	142:14
versus 23:9 31:23	voided 91:17	35:17 38:23, 24	53:13 56:4 61:13	whichever 76:14,
64:20	voluntary 64:15	74:16 75:4 94:19	72:12 74:13 76:5	14 93:9 95:25
vet 48:16 91:23	vote 12:16 84:10	100:9, 21 108:7	80:24 81:9, 15	willing 38:5
veterinarian 15:20	votes 78:4 82:7	126:16 131:7	91:7 93:7 97:18	Win 81:7, 12, 13
115:7, 9	87:17 116:19	132:14 140:4, 7, 17	98:7 100:3	104:19 106:7, 21
veterinarians	vouchers 81:13	wanting 60:21	103:22, 24 104:8,	107:1
13:19, 19 15:16,	< W >	wants 62:17 92:2	9 105:15 112:2	window 58:21
17, 22, 23, 25	wager 62:13 73:2	134:22	118:19 125:8	59:6, 10 61:5, 22
115:3, 10	76:14, 17 133:22	War 40:6	132:8 134:12, 18	66:16
Veterinary 48:9	Wagering 3:25	warfare 40:5	137:8 138:22	wine 71:14 80:23
vets 15:13 111:23	4:17 6:13, 16	warn 111:10	went 16:18 19:8	Winner 2:3 10:4,
viable 50:8	7:14, 19, 22 26:13	Washington 55:3	58:24 65:6 113:6	13 12:18, 20, 24
Vice 2:4, 5 10:13,	55:16 61:16	watch 14:8	We're 14:22	13:1 19:11 20:22
14 12:19, 23	75:13 82:16, 18	watched 17:12	15:23 18:23	23:22 25:18
17:10 19:13 21:1	83:3 85:11 89:14	watching 22:9	20:15, 17 21:22,	27:18 28:20, 24
27:20, 22 28:18,	101:3, 24 102:2, 4	water 17:9 39:24	24 22:16 29:2	31:4 33:22 34:3,
21 31:8, 24 32:14	105:22 117:3, 5, 9,	40:13, 17 43:2	30:18, 19, 20	9, 17 39:17 41:16
			31:14, 16 33:6, 17,	42:2, 10, 12 45:21

<p>46:9 47:19, 23, 25 48:23 49:2, 10 51:5 52:4, 7, 11, 14, 21 53:11 54:5, 9 55:8, 23, 25 56:4, 10 62:16, 22 63:6, 12, 15 65:16, 20 66:17, 20 67:5, 14, 17, 20 68:4, 18 69:4 70:15 72:13, 16, 20 73:12 74:7, 10, 15 75:22 76:11, 18 77:4, 7, 10, 18, 21, 25 78:2, 4, 7, 10, 13 81:21 82:3, 5, 7, 10, 12 83:6, 22 84:1, 6, 13 85:3, 23 86:6, 25 87:8, 11, 15, 17, 20, 23 88:1 89:24 90:24 91:11 94:9 95:18 96:4 98:20 99:5, 9, 12, 17, 22 100:23 102:7, 11 103:12, 16 106:14, 16 107:4 108:6, 10 109:11, 17, 21 110:10, 17 111:4, 7 114:4, 6, 12, 15, 21 115:15 116:1, 6, 10, 13, 17, 19, 23 121:20, 25 130:8, 21 137:12 140:3, 20, 22, 25 Winners 81:10, 11, 13, 14 138:9 winning 41:24 winter 59:25 wish 19:8 53:9 139:16 wishing 11:9 withstand 40:9 41:5 WITNESS 142:14 witnessed 19:20 won 104:10, 14 wonderful 21:6 78:10 82:12 wondering 76:2 word 72:15 worded 93:16 97:8 words 25:16 33:2 41:24 work 13:18 15:24 16:15 18:14 19:19 20:17 21:14 37:24 39:10 43:10 55:9, 10 86:4, 9 89:2</p>	<p>95:1 98:19 99:20 128:25 135:10 worked 36:10 81:9 104:9 132:15 workers 61:7 working 13:7 14:13 15:3, 8, 17, 23 16:23 18:21 20:3 28:7 34:20 36:9 54:16, 22 72:10 126:18 127:23 129:15 130:9 132:7 134:5 136:14 139:14 workouts 16:8 works 14:11 125:5 129:1 137:1 world 24:8 30:1 32:23 36:10 40:6 47:8 55:4 worlds 97:16 worry 32:5, 8 worth 22:8 48:10, 17 wrap 41:18 write 87:1 writing 106:12 written 59:21 92:13 103:10 wrong 140:1 < Y > yards 140:9 Yeah 28:21 29:1 42:4, 5 66:1, 13, 22 67:12 74:8, 15 75:23 83:24 84:3, 13 109:21, 23 111:4 113:22, 24 124:18 130:4, 21 131:2 136:4 137:10 year 13:7 16:3, 3 17:3 18:9 19:9, 15 20:10 23:9, 9, 9, 11 25:12, 12 34:21 35:6 46:19 54:2, 24 57:22 59:13 69:16 70:5, 20 71:14, 16 74:4, 5 75:1 80:19, 19, 23 81:19 103:7, 23 105:23 123:7, 8 124:7 132:5 135:7 137:3, 25 yearling 53:24 yearly 126:4 years 6:17 16:24 24:23 26:2, 17 29:8 30:4, 24</p>	<p>35:16 36:13 46:5, 6, 17 56:21 58:6 59:8 72:24 74:14 81:10 82:18 89:17 102:23 105:23 106:18 122:8 129:14 130:13 131:1, 9 133:18 134:15 135:7 136:2, 5, 6 yelling 19:23 yesterday 17:11 23:2 37:10 you, 19:25 134:16 yous 75:6 YouTube 13:10 14:19 < Z > Zen 3:6 42:7, 15 zero 115:12 137:4 zoning 138:14</p>		
--	---	---	--	--